The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

November 5, 1938

The U.S.-Japan Front

AN EDITORIAL

★

What Happened at Canton

★

The War on Foreign Trade

★

Japan's Economic Royalists

BY NEIL SKENE SMITH

★

China's World Fair Plans

BY C. Y. W. MENG

THIRTY CENTS A COPY (In Shanghai) FORTY CENTS ELSEWHERE

Volume 86 Number 10

Rolleiflex and Rolleicord

Simplicity in use—

Superlative in Results

Those are the reasons why the Rolleiflex is the ideal camera for all-the-year-round photography.

You can compose and focus your picture, adjust your aperture and shutter speed all at the one time, and you can tell exactly when to snap.

12 pictures 2¼ sq. on 3¼ by 2¼ roll-film. One lever Compur Rapid, speeded to 1/500th. T. & B. Zeiss Tessar f/3.5 lens.

Rolleiflex & Rolleicord Winners of Grand Prix Award, Paris Exhibition —1937.

See the Camera at your dealer's.

For Fast and Efficient Radio Telegraph Service to all Parts of the World Send

RADIOGRAMS

"Via RCA"

RADIO IS THE QUICKEST AND MOST RELIABLE MEDIUM FOR ALL TELEGRAPHIC COMMUNICATIONS. IT HAS BROUGHT ABOUT RATE REDUCTIONS AND INAUGURATED NEW CLASSES OF SERVICE TO MANY COUNTRIES. . . .

In CHINA file your messages "RCA"

(R.C.A. Communications, Inc.)

R.C.A. Communications, Inc.

(A Radio Corporation of America Service)

HEAD OFFICE FOR CHINA:— TEL. NO.
201-202 Sassoon House, Shanghai 19251

AGENCIES:—

Tientsin:	65 Consular Road	Tel.: 31480
Hankow:	San Peh Building	Tel.: 21774
Hongkong:	Dina House	Tel.: 30692

妙品 潔齒

五洲大藥房發行

AN EXCELLENT DENTAL CREAM

●

INTERNATIONAL DISPENSARY, LTD.

What People Are Saying

Comments from Readers on Current Topics are cordially invited; their opinions, however, do not necessarily represent the views of the *China Weekly Review*.

New Peace Terms

The Editor, *China Weekly Review*:

The majority of the letters written to the Editor deal mostly with complaints and protests, but mine is different. The withdrawal of the Chinese forces from Hankow areas comes as no surprise to Chinese. We had expected it. Every inch of the ground occupied by the enemy, has been paid for very dearly. Therefore, we shall shed no tears, nor should we be called **"a defeated nation."** In fact—we are proud of our united front! China will continue to resist and fight for freedom and justice. There will be no peace, unless the Japanese Government (armed) forces withdraw from China and at the same time accept the following **"peace terms:"—**

1. Official apologies by the Japanese Government for outrages and atrocities inflicted in China by the Japanese armed forces.
2. Official apologies by the Japanese Government to the League of Nations.
3. The Emperor and Empress of Japan must pay an official "call" to the present leader of the Chinese, General Chiang Kai-shek.
4. Surrender of Japanese extraterritorial rights in China,
5. Hand over all the Chinese traitors to the Chinese Government (unconditionally).
6. Japan to pay all indemnities for destruction, and other losses, including 3rd Powers' interests.
7. Cession of all occupied territories, concession and other properties to China (North Eastern Provinces, etc.)
8. Japan must accept the League's decision, and rejoin the League.
9. Withdrawal of Japan from the Anti-Commitern pact,
10. Japan must withdraw all her representatives (officially from Italy and Germany,
11. Official apologies by the Japanese Government to the Nine Powers concerned in the Nine Power Treaty, and
12. Boycott the Italian and German's Goods!

The foregoing terms are not official, but, I believe that every son of the Chinese Republic will agree with me. The Japanese may celebrate (?) their victory in Tokyo or Yokohama and Osaka, but China still belongs to the Chinese. China is unconquerable! I would like to give sincere advice to my brethens—do not look to London, Moscow or Washington—but look to Ourself in an united front—to fight and beat Japan to her knees!

OON AND OEN

Shanghai, Nov. 1, 1938.

Trouble in Paradise

The Editor, *China Weekly Review*:

I just returned from Hangchow, my birthplace, and probably your readers will be interested to know of the state of affairs at present existing in that famous West-Lake city known as the Paradise of China. Business is good. Especially the Japanese or Korean salted fish and piece goods market. Approximately 95% of the goods now on sale in shops in Hangchow is of Japanese manufacture! On any shops which has the courage to sell "foreign goods" (matches, piece goods etc.) the Japanese military enforce a "special tax". For the same reason, not a single piece of goods of third parties could be seen in any of the shops in Hangchow. The Japanese have forced the Chinese civilians, shopkeepers and farmers to accept Japanese military "notes." Those who dare to refuse are marched to the public garden and are threatened with the amputation of their thumbs or ears. Hangchow is closed for Foreign Goods. Chinese boys and girls students are forced to kowtow to the ground when the "inspector" of education or representative of the Rising Sun inspect the schools. In every school and corner of the street we could see the following slogans written in Chinese: "Great Britain and Russia are our real enemies." "Japanese are helping the Chinese—." "The Japanese Imperial Army is fighting the Chiang Kai-shek group, not the China. . . . . ." "America is our Second enemy," etc.

The Chinese must have passes from the Japanese military authorities, otherwise they will be arrested or killed on the spot. It costs "only" $5.00 for the said pass and extra $3.00 for the military special "tax". Women and children paying half "fares." It took me 12 hours to reach Hangchow and I paid $4.00 for a seat in third class carriage. Prior to the hostilities it took only 5 hours and the fare was $1.30! Chinese are anxious to read Shanghai Settlement Chinese daily papers, but they could not get them, even if they are willing to pay $1.00 for each copy. Hangchow has only one "puppet" Chinese daily; (distributed free to every house) pro-Japanese, anti-Great Britain and Russia. It is known to all children as "han-chien Pao-Czse" or "traitor's newspaper."

A Friend of the Chinese

Shanghai, Nov. 2, 1938.

Praise

The Editor, *China Weekly Review*:

May I take this occasion to tell you of my deep interest, appreciation and use of your weekly. I have many opportunities as I am called on to do much public speaking for China, and I freely lend the past issue from my complete file. I greatly admire your courage under all conditions. I wish that your weekly

THE CHINA WEEKLY REVIEW
Formerly Millard's Review
Cable Address "REVIEWING SHANGHAI"
J. B. POWELL, *Editor and Publisher*
EARL A. SELLE, *Assistant Editor* HOH CHIH-HSIANG, *Editorial Dept.*
Advertising Dept.: TRYPHON V. KU S. GRUNBERG
F. K. CHAO, *Business Dept.*

Index for November 5, 1938

Editorial Paragraphs

What is Likely to Happen on the American-Japanese Front? 307
Tokyo Junket Party Told of "Peace in Asia" 308
Canton Excepted British Help—No Treachery! 311

Special Articles

China Saves Her Armies for Further Resistence.... *by* H. C. H. 312
The War against Foreign Business in China, and Japan's Monoplies 315
Sharp American Note Demands Tokyo Leave 'Door' Open 317
China Makes Ready for New York's World Fair.... *by* C. Y. W. Meng 321
Nation Backs Chiang; Japanese Rule Hankow with Heavy Hand 323
Japan's Economic Royalists *by* Neil Skene Smith 324

Departments

What People Are Saying 305
Outstanding Events in the Sino-Japanese War 327
Who's Who in China 331
Men and Events 332
New Books of Interest in the Far East 335

PUBLISHED AT NO. 160 AVENUE EDWARD VII, SHANGHAI CHINA, BY MILLARD PUBLISHING COMPANY, INCORPORATED BY THE LAWS OF THE STATE OF DELAWARE, UNITED STATES OF AMERICA. YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, TWELVE DOLLARS (CHINESE CURRENCY) IN ADVANCE, POSTAGE INCLUDED IN CHINA AND JAPAN. ADD $3.00 COVER EXTRA POSTAGE TO HONGKONG. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U.S. CURRENCY. REMITTANCES FROM OTHER COUNTRIES THAN CHINA AND THE U.S. CAN BE MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917. BY AIR-MAIL—TO HANKOW AND ELSEWHERE IN CENTRAL, WEST, NORTHWEST AND SOUTHWEST CHINA THE RATE IS $28 A YEAR OR $15 FOR A HALF-YEAR.

CONTENTS OF PREVIOUS ISSUES OF THE CHINA WEEKLY REVIEW MAY BE FOUND IN THE "INTERNATIONAL INDEX TO PERIODICALS." COPIES OF WHICH ARE ON FILE IN MOST STANDARD LIBRARIES. COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA, TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

Pride

DRY CLEANING CO.

Inc. in Delaware, U.S.A.

Foremost & Only American Owned & Managed Dry Cleaner in the Orient

For Your Winter Cleaning

Call 32876-31020

could have much wider circulation in the United States.

May W. Barker.

Wewoka, Oklahoma, Oct. 10, 1938.

Editorial Ineptitude

The Editor, *China Weekly Review*:

In case you have not noticed it, **The Shanghai Times** issued a special supplement to laud what Italy is doing to develop Ethiopia. And in the previous day's paper they published a long reprint from the **Manchester Guardian** showing that the Italians have accomplished less than nothing! I should think that, as an example of editorial ineptitude, this would be hard to beat.

P. L. F.

Shanghai, Nov. 1, 1938.

A.B.C. PRESS, SHANGHAI

Printing
in all its Branches

Your work should bear our imprint

THIS ROOFING
STOPS
2 KINDS OF LEAKS

They are the leaks in your roof that cause leaks in your pocketbook.

This Texaco Roll Roofing will stop both. It's made right for long, hardweather service, year in and year out protection and economy. Come in, let us show you actual samples.

THE TEXAS CO.
(CHINA) LTD.

12 The Bund Tel. 11566

Radio Talks In Print.

No. 1.

At this time of year many men and women feel run-down. The great heat of recent months has made their blood thin and watery, with the result that they are 'nervy,' feel feeble in the stomach and so cannot enjoy their meals, sleep uneasily, and wake up in the mornings unrested and disinclined for the day's work.

It is to just such worn-out, debilitated people that Dr. Williams' Pink Pills are of immediate and immense value. Rapidly and surely these pills enrich poor blood, purify bad blood, create new blood full of red corpuscles and haemoglobin, by means of which an abundance of oxygen and nourishment are carried to every part of the system.

In this way Dr. Williams' Pink Pills build up the nerves, strengthen the digestive and other organs, impart new life and vitality. Thus they are bringing fresh energy, health and happiness to thousands of weak men and women all over the world every day. Why not let them do the same for you? Of chemists everywhere.

CUSTOMS NOTIFICATION

No. 1634

Notice is hereby given that, Saturday, the 12th November, 1938, being a Customs Holiday, the Custom House will be closed and the shipment and delivery of cargo suspended on that date.

L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, Nov. 2, 1938.

THE NATIONAL CITY BANK OF NEW YORK

ESTABLISHED 1812

Savings Accounts

$10 (National Currency) will open a savings account with interest at

3½%

per annum

The
National City Bank
of New York

SHANGHAI BRANCH

41 KIUKIANG ROAD

密勒氏評論報

The China Weekly

REVIEW

Formerly Millard's Review

中華郵政特准掛號立券之報紙

Registered at the Chinese Post Office as a Newspaper for transmission with special marks privileges in China

Volume 86 | Shanghai, China, Saturday, November 5, 1938 | Number 10

WHAT IS LIKELY TO HAPPEN IN U.S.-JAPAN RELATIONS?

JAPAN'S new Foreign Minister Hachiro Arita, upon assuming office reiterated Japan's goal of creating a "new East Asia." This would, in his opinion, necessitate a re-examination of the Washington Agreements and Japan's diplomatic relations with Britain, France and the United States. Italy has already echoed Japan's desire to modify the Nine-Power Treaty. Italy also has decided, as a gesture of "good will toward Japan," to withdraw the Italian Regiment and other reinforcements, which Mussolini sent to Shanghai at the beginning of the Sino-Japanese hostilities last year.

That the Japanese Army's policy of retaliation against the China interests of nations which refuse to cooperate with Japan is already in effect requires no elaboration. The policy of retaliation was openly advocated a few days ago by the *Miyako Shimbun* (Tokyo, Oct. 28) which declared that the powers which have been helping Gen. Chiang Kai-shek "may now be regretful about their miscalculations . . . . If the various powers should hesitate to recognize the projected new Central Government of China, we fear that their interests there might strike a hitch . . . ."

Foreigners and Chinese returning from trips to nearby cities such as Soochow, Wusih and Hangchow report the appearance of posters on the walls containing such slogans as "Great Britain and Russia Are China's Real Enemies," "America is Our Second Enemy," "Boycott British and American Goods," "The Japanese Army is Fighting Chiang Kai-shek, Not China," "Buy Japanese Goods," etc.

But editorials in Tokyo newspapers and slogans painted on Chinese walls were not needed to inform occidental merchants that the "war" is already on, from the standpoint of Japan's attempt to drive foreign business out of China. Chinese manufactured articles must also be included as "foreign" because Japanese animosities also extend to the products of Chinese factories. Our correspondent reported from Hangchow that 95 percent of goods on sale in Hangchow shops is of Japanese manufacture and that any Chinese dealer sufficiently courageous to stock foreign goods such as matches or cotton cloth, is immediately subjected to a "special tax," and as a result no American or European merchandise can be found in any of the stores. Chinese merchants who refuse to handle the new Japanese "federal reserve" or "special" army-notes are liable to have their thumbs or ears cut off by Japanese soldier in the public streets.

Along the Shanghai-Nanking Railway no foreign merchandise can be shipped, except by Japanese forwarding agents, and the Chinese papers claim that the puppet governments at Japanese instigation are assessing prohibitive "likin" or transit-taxes against American and European merchandise while Japanese-manufactured articles go through free.

Therefore, when the Japanese talk of retaliation they are merely stating what has already been put into effect. There may be relaxation in certain places, to offset protests by foreign trade organizations, but Japan's war against the foreigners and their works in China is already on and is being pushed by the so-called "Special Service Section" of the Japanese Army on all fronts.

When the Japanese talk about "modifying" the Nine-Power Treaty, they actually mean the abrogation of the document which their delegates, along with the representatives of eight other nations signed in good faith at the Washington Arms Limitation Conference in 1921-1922. Japan wishes to legalize her violation of that agreement which bound all the powers to respect China's territorial and administrative integrity and also prevented any power from taking advantage of special conditions to establish a priority of rights which would be detrimental to the rights and interests of other nations within the domain of the Chinese Republic.

The Japanese demand recognition of their so-called "new position" or status in Asia, meaning an acknowledgement on the part of other powers that Japanese are the "cocks-of-the-walk" in the Far East. Because other powers have not recognized this situation and have declined to ask Tokyo's advice on everything they do in China, Japan will retaliate, even to the extent of attacking the colonial outposts of Britain and France and ham-stringing American trade and cultural activities.

Japan forgets that the powers have already recognized her "special position" in Asia—at the Washington Conference sixteen years ago—when they agreed to forego further construction on fortifications located within the sphere of Japan's territorial waters, including Hongkong, French Indo-China, the Philippines and the Netherlands Indies. The powers made this important decision and also agreed to limit their fleets, in exchange for Japan's agreement to "play the game" in China.

Now Japan's Army adopts retaliatory measures in open violation of the treaties and open-door declarations long predating the treaties, and Tokyo demands modifications in an attempt to legalize breaches already made.

In taking these actions and threatening worse, the Japanese display ignorance of sentiment in Occidental countries, particularly the United States. The Japanese fail to realize that there also is a powerful movement within the United States to modify America's position with respect to relations with Japan.

So far as Europe is concerned, the Japanese doubtlessly are aware of the fact that Germany, although a member of the "anti-Comintern" group, is at the same time urging Europe to adjust its complications in order to meet the menace of the "Yellow Peril" as exemplified in Japan's aggression and infringement on the interests of the European powers.

From the standpoint of the United States recent surveys have shown that while a huge majority of Americans are opposed to American participation in another foreign war, it is also significant that in a recent survey 93 percent were in favor of the Democracies as against the Fascist powers. It also was significant that 54 percent opinion was that the United States would, sooner or later, become involved in the next World War.

Neutrality is certain to become one of the major issues of the next session of Congress. There will be powerful leaders and interests on both sides of the fence. On the one hand there will be a strong group demanding the Ludlow Amendment, compelling Congress to refer a declaration of war to a vote of the people, a measure which the Administration has bitterly denounced; demanding enactment of a mandatory law, taking all discretionary power from the President and compelling enforcement of embargoes against all belligerent nations, etc.

However, there will be even more powerful forces at work in Congress demanding revision of the Neutrality Act allowing the President discretionary powers in declaring an embargo of credit and war materials to nations which violate treaties of peace with the United States in launching invasion of foreign soil and refuse to submit the dispute to mediation or other peaceful means of settlement. It appears probable that the Administration will give its blessing, if not open support, for this type of legislation. Senator Logan recently urged repeal of the Johnson Act, prohibiting loans and other types of financial transactions with nations which have repudiated their war debts to the United States. Political observers interpreted Senator Logan's statement as a "tip-off" on Administration wishes in this respect.

There is considerable evidence supporting the point of view that legislation along the foregoing lines will succeed in the next session of Congress. In the event of an outbreak of war in Europe or a crisis affecting foreign interests in the Far East, it is likely that the President would call a special session of Congress immediately. The Administration's present intentions seem to be along the lines of maintaining a policy of legal neutrality in the case of a general war. According to astute observers in Washington the Administration's plan of procedure might envisage the following three points:

1. Evacuation of Americans from Europe and the Far East as swiftly as possible to give the Government a freer hand without danger of reprisals against the persons of American citizens.
2. Welding of closer economic and political bonds with the Latin-American countries in order to promote trade with the nations of the New World as a buffer for the economic shock certain to follow upon a general World War.
3. Revision of the Neutrality Act permitting the President to embargo credit and war materials to aggressor nations which refuse to settle their disputes by peaceful means—Germany, Italy, Japan, et al.

If the Japanese should, as they have threatened, join the Fascist powers in a war against the Allies we would find this position: Japan's foreign trade would be at a standstill; her army would be waging widespread or sporadic warfare on the Siberian and Outer Mongolian borders and at the same time fighting the Chinese regulars on the fronts and Chinese guerillas everywhere in the Chinese interior and Manchuria, her Navy would be attempting to maintain a blockade of the China coast, launching intermittent attacks upon Hongkong, Hainan, Indo-China and elsewhere, and perhaps occasionally meeting French and British warships in formal engagements, her supply of raw materials from the United States would be halted and she would be beleaguered by hostile forces on all sides. Japan could win only by a quick victory of the entire Fascist nations. She could not continue such warfare more than three or four months, no matter how much the Japanese tighten their belts, because she lacks the essential raw materials. Even seizure of the oil fields in Saghalien and the Dutch East Indies would not provide her oil and gasoline needs alone.

On the brighter side, however, the Allied Powers could never permit the complete destruction of China. America's role as a partner in Japan's aggression would come to a quick end and some way would be found to ship American war supplies to China, possibly by shipment on neutral or Allied vessels to Indo-China or Burma where the supplies would be taken overland to the Chinese forces. If, as the majority opinion in America believes, the United States eventually will be drawn into the conflict, the American Navy might maintain an effective blockade of Japan and lift the Japanese blockade of China. The final and most important factor is that the Allies could never abandon China to her fate, once Japan has declared war against them.

While these various possibilities are purely speculative, they are of value in that they tend to emphasize the potentialities of a situation which is gradually growing more serious. Recently there have been rumors of a decision on China's part to declare war on Japan as a means of forcing action on the part of the United States with regard to the enforcement of the Neutrality Act. While the Japanese military spokesmen profess a lack of interest in the possibilities of such developments, or boast of their ability to circumvent its detrimental effects, such statements cannot represent the thoughts of serious minded individuals.

Tokyo Junket Party Told of "Peace in Asia"

BETWEEN the dates of October 12 and 22 a tour of China battlefields was made under the chaperonage of the Japanese Army by a party of foreign newspapermen and lecturers from Tokyo with a few recruits from Shanghai. Like all personally conducted Japanese propaganda tours, (third group brought to China) this one had the usual features of wining and dining and speech making. In fact, the sumptuousness with which the foreign journalists and lecturers were entertained led to a good deal of heartburning on the part of the local Japanese pressmen, who could not resist giving vent to their spleen in their local papers.

Headquarters for the party of officially entertained newspapermen was established at Broadway Mansions in Hongkew near the Garden Bridge. From there the party made its first trip on Oct. 12, going first to Nantao, where Japanese officers paraded their exhibits, including the alleged humanitarian medical work conducted for poor Chinese. In the afternoon, the areas of Hongkew and Chapei, where fighting had taken place, were visited and Japanese officers made suitable explanations of the events that had taken place, not forgetting to demonstrate that the hostilities had been forced upon the friendly Japanese.

At the village of Tazang, near Shanghai, where one of the bloodiest battles of the war was fought, the visiting writers and lecturers were shown a magnificent Japanese war memorial (pictured in the *Shanghai Times*) consisting of an enormous granite obelisk erected on a platform on the highest point in the district. According to the account in the *Times*, the work of constructing the Japanese war memorial was all performed by Chinese prisoners of war, some of whom were captured here and others in the battle of Nanking. The monument, in the opinion of the enthusiasiic *Times* historian, "provides a splendid view of the surrounding country and presents a magnificent picture."

The visiting group was asked to believe that the

Japanese were careful to bring their artillery parallel to the North Station administrative building so that the shells might not fall over the adjoining Settlement boundary. The same was said to be true of their attempt to dislodge the "Lone Battalion" from the Joint Savings Society godown on Soochow creek. The chaperon evident omitted to impress upon the visitors the stark truth that the Japanese military illegally used the Hongkew and Yangtszepoo areas under control of the International Settlement as the base of their military operations. Also that Japanese shells on several occasions killed and wounded non-combatants in Settlement streets not in either of the districts they illegally occupied, or that two shells nearly wrecked the building of the *North-China Daily News* on the Bund.

The junket party began to hit its real pace on Oct. 13 when a trip was made to the Civic Centre, thence to Jukong Wharf, then in rapid succession to the former Chinese Fishery School and the Woosung Forts. In the Fishery School, General Iwane Matsui once had established himself and staff for two months to direct the Shanghai battle. At the last stop, the Forts, an *al fresco* lunch was served. During the afternoon, a tour was made of the battlefields of Yanghangchen, Liukiahang and Tazang. On the 14th, the party visited the Yangtszepoo Clearing Hospital for Japanese wounded soldiers, where some 60,000 cases were admitted to have been handled. This was strange information in view of repeated statements of military spokesman to press correspondents here that Japanese casualties were few in number. According to the statement of the hospital superintendent to the visiting journalists, of the 60,000 cases handled here, 40,000 cases were so serious that they had to be sent to hospitals in Japan for further treatment, while the remaining 20,000 were lightly wounded and were returned to the fighting fronts. After inspecting the hospital, the pressmen proceeded to Pootung, where they were received by the local puppet officials who made speeches.

On October 15, the propaganda party traveled by rail to Soochow, where the members were taken to the headquarters of Colonel Sakuraba, chief of the Special Service Section of the Japanese Forces in Soochow. During refreshments, Colonel Sakuraba made a speech in which he repeated the usual story about Japan's crusade in China having the object of making the Chinese and Japanese good friends and of saving the Chinese people from Communism. He was also quite complimentary to Japan's Chinese puppet officials, whom he characterized as "extremely well equipped and wise men." He informed the members of the jaunting party that the interests and rights of third-party Powers were being scrupulously observed, and finally wound up by requesting his hearers to look at the efforts being made by the Japanese, which will lead to lasting peace in the Far East and to better conditions throughout the world. However, Colonel Sakuraba broadly hinted that the curriculum of the missionary schools "was on the line of the Nationalist Government and was intensely anti-Japanese." Mission schools would not be permitted to reopen unless there was a complete change. Between speeches and tiffin at the puppet governor's yamen and sightseeing, all the foreign visitors had a good time.

On Oct. 16, there was a trip to Hangchow, where Colonel Aoyama, another local chief of the Special Service Section, awaited them. There was more sightseeing, more dinners and more speeches. On these speech making occasions, Dr. Rupert W. Hornabrook acted as the spokesman for the members of the junket party. Doctor Hornabrook is an Australian surgeon from Melbourne who seems to have won the friendship of a high ranking member of the Japanese Government and there is more than a suspicion that he has found propaganda for the Japanese more profitable than surgery. The party returned to Shanghai on the 17th.

According to the publicity man of the visiting group, the railway was entirely in the charge of Japanese troops and Japanese railwaymen, and most of the rolling-stock in use appeared to have been brought from Japan. Japanese soldiers (in small numbers) were permanently posted at every station as well as at the bridges and various strategic points. Strong defences had been erected. Everywhere the trees and undergrowth had been cut back from the line as a precaution against attacks by guerillas.

On the 19th, the junketeers left by airplane for Kiukiang and were flown within a few hundred yards of the battle line at Hwangshihkang, but the plane quickly turned around and sped back to Kiukiang, where Japanese officials welcomed them. Operations around Kiukiang were explained to the visiting pressmen. Japanese propagandists have indignantly denied that Japan covets China's riches and natural resources. But speaking of the iron-producing center, Tayeh, Colonel Nakayama, who addressed the party at Kiukiang, did not hide the fact that the capture of the Tayeh area "was a matter of urgent necessity to Japan in view of the recent embargo on iron shipments." In the afternoon, the visiting journalists paid a visit to General Shunroku Hata, Commander-in-Chief of the Japanese Expeditionary Forces in Central China. Later a visit was paid to the Japanese hospital, temporarily located in a pottery works, where the observation was made that there were more sick than wounded men.

On the afternoon of the 20th, the junket party arrived at Nanking by airplane from the Hankow front and the members were immediately comfortably established at the Metropolitan Hotel. Their tour of the city began on the morning of the 21st and included a view of the blackened ruins of the city and later a trip to the Sun Yat-sen Memorial on Purple Mountain. Afterwards they went to Observatory Hill from which there was a magnificent view of Nanking and the surrounding country. After luncheon, the junket party dutifully paid a visit to the headquarters of the "Reformed Government," where the leading puppet chiefs received the visiting foreigners and explained the benign purpose of their "government." Doctor Hornabrook duly thanked the puppet ministers for the reception that had been accorded to them. In the evening, a Japanese-style dinner and entertainment was given in a large Japanese restaurant. An editorial in the local American *Evening Post* stated that the stubbornness of the Chinese in holding the Wu-Han cities had upset the time-table of the tour and the party had to be satisfied with an aerial view of Hwangshihkiang, about midway between Kiukiang and Hankow.

Accounts of the junket tour have appeared in a series of eight articles in *The Shanghai Times*, the last appearing on the 26th. Undoubtedly the articles were meant to be Japanese propaganda, but like all Japanese propaganda they were not altogether convincing. That a good time was had by the members of the party—they were wined and dined at every stage of their tour—seems probable but that the party saw anything except what the Japanese wanted them to see in the occupied areas seems equally improbable. Their historian, who wrote the series of articles evidently did his expected duty by recording that he saw nothing but life amid devastation, order amid chaos, and friendship amid enmity and hostile demonstrations of the Japanese military.

Doctor Hornabrook seems to have played a leading role in the junket party. He exposed his hand in a local broadcast on October 14, in which he urged Anglo-Japanese friendship and declared that this could be brought about by Great Britain recognizing "Manchukuo."

Here is a prize paragraph from his broadcast which we are certain will receive loud "Hear-hear's" from our British readers. Referring to the Munich accord, he

declared, "What has been done in Europe can also be done in Asia. It is of vital importance that the old handclasps of friendship between Japan and Great Britain be renewed. This can be done, I am convinced. We Britishers and Japanese have our ideals very much in common. Japan looks to His Imperial Japanese Majesty as the Supreme Head of the Empire. In fact His Imperial Majesty is the Empire. We Britishers hold very much the same belief as regards our Empire—it is His Imperial Majesty King George who holds the British Empire together. The Empire could not continue to exist as a republic. Secondly, the Japanese through Shinto, worship to the honor of their ancestors—so do I, a Britisher, worship to the honor of my ancestors, in that I will not do anything that will disgrace my family's good name. Thirdly, the Japanese are great lovers of the beautiful in nature—well, so are we Britishers. Instead of drifting apart as we have been doing ever since the fateful days of the Washington Conference of 1921-1922 which brought about that colossal diplomatic blunder—the abrogation of the Anglo-Japanese Alliance—let us once more endeavor to understand one another . . . ."

On this occasion Dr. Hornabrook also said that China is not a country but a continent, and that jealousies between Peking, Nanking and Canton will never permit it being governed from one center but from three or more separate centers as a Federation. He consequently revealed that in the near future there may be seen at least three Chinas,—Peking China, north of the Yellow River; Nanking China between the Yellow River and the Yangtsze, and Canton China, south of the Yangtsze. These three Chinas will each have their own governments having local control, but all three will be under a Federation having a common policy on customs, communications, postal, international relations and defense. "Given this," this holiday-spirited surgeon predicted, "we would have a united and happier China." Whatever Doctor Hornabrook may be, at least it is obvious that he is no friend of young China or China's, but merely a loud-speaker for imperialistic Japan.

Another enthusiastic member of the junket party, Paul Dorsey, who is connected with *Time* magazine, made a broadcast to the United States on October 25 from the Japanese Greater Shanghai Broadcasting Station. It may also be recalled that Mr. Dorsey before leaving Tokyo for China engaged in a dialogue with Fumitake Konoye, son and secretary of Japan's Premier, and that dialogue about Japan's China campaign was broadcast over the N. B. C. system throughout the United States.

Mr. Dorsey explained that he had come to the Far East with Victor Jurgens as representatives of the magazine combination *Time-Life-Fortune* and the newsrel *March of Time*. Their instructions were to "bring back a photo record of Japan today, what the people are like, how they live and dress, what they eat, how they make love, what defenses they have erected against Communism and what the Japanese military forces are doing in China . . . . and what Japan intends to do with the territory sheis occupying and what treatment she accords prisoners of war and refugees. This explained, apparently, why the Japanese devoted so much time in taking the visitors to some small camps and hospitals where a few refugees were receiving attention.

SEARCHING FOR "PEACE IN ASIA"

L. to R. **S. Uyehara, Uyehara Bros. Tailoring Company, secretary of the party; Arvid Balk,** *Hamburger Nachrichten*; **Percy Whiteing, Australian** *Associated Press*; **F. B. Firminger, British lecturer on faculty, Tokyo University of Commerce; F. L. Hamilton, American news cameraman, connected with the Tokyo Foreign Office; F. W. Hornabrook, Australian surgeon, connected with Tokyo official organs.**

This time the American cameraman told his radio audience that the Japanese were proud of what they are doing in China—is it possible he was indulging in irony?—and thereafter repeated some of the usual Japanese twaddle about their wish to establish perpetual peace in the Far East.

With reference to his talk with the Commander of the American gunboat Monocacy at Kiukiang Lieutenant C. C. Colan, Mr. Dorsey was bold enough to disclose what he thought to be the American lieutenant's feeling. He said, "In his heart I feel that he, his three officers, and 61 men would like to receive an order to proceed home." Finally, he ran counter to the American Government's policy by appealing to his fellow-countrymen to consider that the battlefront of China is not a proper place for American warships, and that no missionary and no travelling salesman voluntarily living in China at this time should expect an American man-of-war to rush to his protection when he finds himself in danger. Did he not voice such opinion in the interests of the Japanese Government?

In the course of the speech, Mr. Dorsey also mentioned how a Japanese admiral entertained him by bombarding a Chinese stronghold and how "a split second later we could see the shell hit and explode with bits of humanity and debris flying in every direction." It seems as though the Japanese really put themselves to no end of trouble to entertain their guests.

⁂

Following is a list in alphabetical order of foreign writers and lecturers in the Japanese conducted party:

V. Allessi, *Stefani News Agency* (Italy);

Arvid Balk, *Hamburger Nachrichten* (Germany) correspondent;

L. W. Bush, British lecturer at Yamagata Higher School, who went on a similar junket in North China early this year;

F. Chevalier, *La Temps* (France);

Paul Dorsey, cameraman for *Time* Magazine (U.S.A.);

Frank B. Firminger, British lecturer at the Tokyo University of Commerce;

F. L. Hamilton, American news cameraman with the Tokyo Foreign Office.

Dr. R. W. Hornabrook, Australian surgeon; spokesman of the party, said to be connected with the Tokyo War Department.

Victor Jurgens, cameraman for *March of Time* newsreel (U.S.A.);

Clark Lee, *Associated Press* correspondent who left the party here and went to Canton.

Phillipe Messalier, *Paris Soir* (France);

Capt. R. Smith, retired British army officer and lecturer, also said to be connected with official organs in Tokyo.

Harold O. Thompson, Tokyo correspondent of the *United Press* (U.S.A.);

S. Uyehara, Uyehara Brothers Tailoring Co; secretary of the party;

Percy Whiteing, Australian, *Associated Press* correspondent, who went to North China on a similar junket early this year.

Canton Expected British Help—No Treachery!

(BY THE REVIEW'S SOUTH CHINA CORRESPONDENT)

ALTHOUGH a week has now elapsed since the mysterious Japanese entry into Canton, capital of Kwangtung, the majority of people and the millions of Cantonese themselves are still at a loss to know how their capital could have been given up without a fight.

From the day of the Japanese landing on Bias Bay on October 12, until their capture of Canton on October 21, the outside world was led to believe that the Cantonese troops had offered a strong resistance against the invaders principally along the Chinese section of the Kowloon-Canton Railway and at points between Waichow and Tsengshing, but from other accounts it seems that the Kwangtung provincial commanders were caught napping.

Slumbering under the false security that the proximity of Kwangtung to the British possessions of Hongkong and the Kowloon New Territories would make the Japanese militarists hesitate before they would venture into south China, the Kwangtung commanders never expected that the Japanese dared to invade Kwangtung, not at least until they had taken Hankow and other important Yangtsze cities.

"Terrible Debacle"

Apart from the unpreparedness on the part of the commanders and the entire lack of effective defence works in the Bias Bay sector, the writer has not been able to confirm from sources usually reliable the many charges of treachery among the Cantonese leaders which led to this "terrible debacle."

It is true that for the past fifteen months in the war of resistance, Cantonese leaders have built certain defense works on the Kwangtung coast, but curious to say the best of these defense works are not to be found in Bias Bay. The explanation is this. During the past 15 months Japanese marines and their planes and ships had invaded the Kwangtung coast to test the defenses of the Chinese. In the Swatow sector, Namoa Island was occupied. Near Chungshan district, north of Macao Island, (the Portuguese settlement in south China) St. John Island, San Cho Island, and Hopao Island were occupied and attacked many times. Near Pakhoi and Hainan Island, Weichow Island which is between Hainan and Pakhoi, was occupied only three weeks before the Bias Bay invasion. But the only point which the Japanese had spared all these times was Bias Bay. It is for this tactical reason that Bias Bay was chosen and selected with "satisfactory results" to the aggressors.

But for the fact that the Canton troops retreated from the capital without a fight and without an official explanation, most Cantonese did not blame the Government for the loss of their capital. The reason was that the Chinese Government never expected to defend with any degree of success such coastal cities as Shanghai, Amoy, Canton and Hainan and, as a matter of fact, the Government at the beginning of the war considered that these points would be in Japanese hands within three months. That Canton could have been retained for 15 months, is better than most optimistic expectation, among the Chinese.

It was entirely due to this precarious coastal position of Canton that Generalissimo Chiang Kai-shek declined to remove his capital to the Southwest despite the obvious advantage of Canton as the centre of communications in South China and with the outside world.

But Canton has served its useful purpose to the National Government. Canton has not only raised millions of dollars among its wealthy residents and merchants to fill the war-chest of the Government and relief works but Canton sent divisions after divisions of its best troops to Yangtsze and Hsuchow. Many of the highest commanders in the Hsuchow and Yangtsze battles were Cantonese men, such as General Hsieh Yo, Li Hanyun, Chang Hua-kwei and many others, while their Kwangsi collageues such as Generals Li Tsung-jen and Pai Tsung-hsi also contributed meritorious services.

Canton's Part

Canton contributed so much of its men and material to the Government throughout the past 15 months that when at last it found that the Japanese were at its doorsteps, Canton had not even its its own anti-aircraft guns to defend the capital against air raids. It is known that at the time of the Japanese coming, Kwangtung had only five divisions spread out in the many districts of Kwangtung. From a source in Canton, it was said that to defend the Japanese advance of a much superior mechanized unit of 70,000 men, these five divisions would be annihilated in no time. Canton could have put up a better fight, but it would have been at the expense of a much-outnumbered army which the commanders thought necessary to spare for future guerilla warfare. For this, the Provincial commanders are now making their stronghold at Yungyuen in northern Kwangtung near the Kiangsi frontier.

Although the story has never been published, it is known that Generalissimo Chiang Kai-shek had secretly visited Kwangtung two days prior to the Japanese entry of Canton City on October 21 and Generalissimo Chiang himself expressed the opinion that it was best for the Cantonese divisions to retreat to the north and await an opportunity to harass the Japanese in northern Kwangtung or western Hunan than put up a suicidal struggle. In ordering this withdrawal the Chinese leaders had also in mind the well-known fact that the Japanese had sent to the south the best of their mechanized units and artillery force to accomplish "a lightning invasion to enter Canton before the fighting could involve a third Power in the turmoil."

Hence the loss of Canton has caused little criticism among the millions of Cantonese, at least not among those intelligent enough to understanding the difficulties of their own Government. They realize that the Cantonese troops had done their part outside Kwangtung and that this war is destined to last for years and the loss of one or two cities will mean nothing at the end. To this, all Cantonese today still hope that their government will

eventually win the final round in this war of resistance, the only round that counts.

The Reason Why

Humanitarian consideration and a desire to spare the half million of civilians still remaining in Canton when the Japanese were 10 miles from the city proper, is another reason why General Yu Han-mou decided on the withdrawal without a struggle. It is quite obvious that if the authorities had decided to defend Canton and indulge in street fights the civilians would have suffered massacres by the Japanese—such as the atrocities enacted in Shanghai, Nanking and other occupied cities, where strong resistance aroused the intense hostility of the Japanese. But the manner in which the Canton authorities conducted the last minute evacuation of civilians did not secure universal approval. This is evidenced by strong criticisms appearing in Hongkong Chinese newspapers, some of which attacked the Canton authorities for using the available mercantile ships and towboats to evacuate all the families of Government officials, leaving the unfortunate civilians behind.

Other adverse criticism pointed to the fact that the Kwangtung commanders failed badly to make the Japanese pay a heavy price for their occupation of Canton, which, it is said, was taken with no casualties among the Japanese and only two civilians were killed during the entry. But though few lives were lost, all business firms in Canton have suffered a loss which will take them many months and perhaps years to recover. Fires followed the Japanese occupation and these outbreaks destroyed hundreds of shops. During the outbreak of fires, looting on a big scale occurred and many companies such as the Sincere Departmental Store and leading hotels were systematically looted.

General Wu's Appeal

Despite the Japanese occupation of the city, other Kwangtung districts are still firmly held by the Chinese troops and indications are that being in the interior these districts will offer stronger resistance. The Governor of Canton, General Wu Teh-chen, has appealed to all Cantonese militia and volunteers to put up their own defense when their villages are invaded. It is a wellknown fact that thousands and thousands of these villagers of Kwangtung possess arms bought for the purpose of protection against bandits.

Another strange factor is that though Canton has fallen, the currency of the Kwangtung government had suffered no serious depreciation at all. The Canton Government paper notes are quoted at $25 for $10 (Hongkong) which was about the same as before the Japanese occupation of Canton. Why the currency maintains its steady rate may be due to the Cantonese confidence in a successful counter-attack on Canton or to prospects of early peace.

It is stated that tens of thousands of people formerly residing in Canton City, were rendered homeless when the Government forced them to evacuate before the arrival of the Japanese. Of these masses of homeless Cantonese, only a few thousands have so far crossed the Kowloon New Territories border to Hongkong. Hundreds who previously crossed the Hongkong borders have returned to Kwangtung to places where the Japanese have not yet attacked. But these refugees will in future require relief and it is to be hoped that the numerous overseas Cantonese and Cantonese in North China will offer financial aid.

What effect the Japanese occupation of Canton will have on Hongkong is difficult to foretell at the moment, because much of this will depend on the final peace terms, in which many observers here believe that Great Britain will take part. That the Japanese will close the door in South China to foreign trade as they did at Peiping, Tientsin and Manchuria, there can be little doubt. But against this possibility is the fact that the Powers, Britain, France and possibly America may this time do something to relieve the situation, as there must be millions and millions of sterling of British investment in Shameen and Canton.

So far the Pearl River remains closed to foreign shipping, but, the reopening of the river to foreign shipping may eventually be utilized by the Japanese to strengthen their future negotiations with the Powers.

Japanese spokesmen in Hongkong said this week that the Pearl River will be reopened again to shipping as soon as all guerilla danger in Kwangtung is eliminated, but there are thousands of guerillas in Kwangtung today and it may take the Japanese months to dispense with them. Meanwhile, shipping companies in Hongkong with steamers running to Canton, must look elsewhere to find profit. As it is, some of these Hongkong-Canton ships have been put on the Hongkong-Macao run during this period of the river's blockade.

Canton, Nov. 1, 1938.

China Saves Her Armies for Further Resistance

BY H. C. H.

CHINA has lost her chief ports, Tientsin, Tsingtao, Shanghai—and now Canton and Hankow. But China has saved her main fighting forces from capture or annihilation and is now preparing for another period of resistance against Japanese aggression.

Japanese hopes of encircling and destroying China's main armies, enthusiastically announced as an accomplished fact after each major battle—first at Peiping, then Shanghai, then Nanking, then Hsuchow, and now Hankow. But each time the Japanese General Staff has been disappointed. China's forces effected a successful withdrawal to new positions and while the Japanese were able to occupy additional territory, the war was no nearer finished than it was after the first few weeks of fighting.

In the meantime, Japan's casualties continue to mount. The superintendent of a base hospital in the Hongkew section of Shanghai explained to a group of foreign correspondents a few days ago that more than 60,000 cases had passed through that single institution, only one of many scattered about the country. Expert observers estimate that Japanese casualties now exceed 500,000, of which 350,000 were so serious as to necessitate transportation to Japan. The remaining 150,000 lightly wounded were cured here and returned to the front. These proportions tally with the statement of the superintendent of the military hospital here that of the 60,000 cases handled, two-thirds 40,000 were so serious as to necessitate transportation to Japan, while one-third, or 20,000 were cured here and returned to the front.

China's determination to continue the war—for ten years if necessary—has been expressed from all responsible quarters. The fog of propaganda released from Japanese, German and Italian sources has now been dispelled by statements from all responsible quarters that the war will continue. Sessions of the People's Political Council at Chungking were characterized by complete unanimity on the determination to continue the war. This unanimity included not only the leaders of the National Government, now more closely knit together than ever, but also the leaders of all provinces in the west and southwest which must now provide support for the National Forces as well as the millions of refugees from the coastal provinces who have fled from Japanese terrorism in occupied areas in the coastal

and Yangtsze provinces.

Gen. Chiang Kai-shek's determination to carry on the war for liberation against Japanese aggression was enunciated in unwavering terms in a declaration issued from Chungking on the evening of Oct. 31. For five months, Chinese forces fought gallantly and courageously on the Yangtsze front, inflicting on the Japanese casualties greatly exceeding in numbers the total for the first ten months of the war.

The Generalissimo stressed two chief points: Meaning of the withdrawal from Wu-Han and importance of the fixed national policy of prolonged resistence. He said that China's main base for resistance did not lie in the coastal provinces, but in the vast interior of the land, especially in the western provinces. Defense of Wu-Han had provided

GUERILLA!

Jack Chen in China Today.

time for consolidation of defense lines and communications in the western regions. It also had provided time and opportunities for removal of certain basic industries to the Southwest and Northwest. Manpower and materials had been withdrawn in orderly manner from Hankow, following the loss of Canton and cutting of the Canton-Hankow Railway.

Japan's attempt to surround and annihilate China's central forces had again failed miserably. Chinese forces will shortly be launching nation-wide mobile warfare on all fronts from bases already established in Kiangsi, Honan, Hupeh, Anhwei, Shantung, Hopei, Manchuria, Chahar, Jehol, Suiyuan, Kiangsu and Chekiang.

China's vast territory and huge population and rich material resources, declared Gen. Chiang, give the country an advantage in waging prolonged warfare. The longer the struggle lasts, the longer and larger the battle-front, the more Japan's strength will be dispersed. The war of resistance here is different from ordinary wars because it takes on more of the character of a war of revolution—a holy war that cannot be handicapped by shortage of materials or by the enemy's poison-gas and explosives . . . China has accumulated supplies for a long time which will be adequate . . . there is no danger of complete isolation . . . the people face the future with greater fortitude, determination to endure hardships.

But a New Foreign Policy Is Needed

Although there has been no mention, as yet, of any material change in China's foreign policy, necessitated by the preparations for a new period of resistence, various Chinese papers have forecasted early developments of a significant nature involving active cooperation with friendly powers and renunciation of pretences of friendship with certain European Powers which have been openly supporting China's chief enemy. Both Germany and Italy in Europe and Japan in Asia have been pursuing a policy of expansion in Europe and Asia by working in cooperation. Germany and Italy have recognized Manchukuo and have negotiated commercial treaties designed to facilitate exploitation of China's northeastern provinces. Both Germany and Italy helped Japan diplomatically at the Brussels Conference. Germany withdrew her military advisers at a time when China mostly needed their assistance. Mussolini's official mouthpiece, Gen. Gayda, declared openly that Italy hoped to see a victorious Japan. Hitler's official spokesman declared that the fall of Hankow and Canton would greatly weaken China's resistance and facilitate Japan's conquest of China.

According to the *Yi Pao* (Oct. 31) the small section of Chinese who continued friendship with Germany and Italy in the hope that they might ultimately work for peace in the Far East, are now altering their views and are beginning to advocate a more realistic policy whereby China would distinguish her enemies from her friends. In other words China should make a more determined effort to obtain British, French, American and Soviet Russian support, particularly because of the likelihood of Japan's coming into frontal conflict with these powers sooner or later.

Dr. Chang Po-lin, vice-Chairman of the People's Political Council urged further consolidation of national unity. He spoke on the importance of the mission of the Council in assisting the Government in its tasks and stressed that the entire nation should stand closer together at this critical moment.

The second session of the Council was opened on Oct. 28 under the chairmanship of Wang Ching-wei, with 125 members present. Dr. H. H. Kung, President of the Executive Yuan, submitted a political report, while Foreign Minister Dr. Wang Chung-hui reported on foreign affairs. Reports on the enforcment of the resolutions adopted at the first session of the Council and on the work of the Committee of Resident Members were also made. At the second meeting, General Chang Chun, Vice-President of the Executive Yuan, reported on the military situation. He told the Council that adequate plans had been devised by the Government to prolong the hostilities, and the Government was confident of ultimate victory. Gen. Ho Chien, Minister of Interior, submitted a report on internal administration. During the third meeting, Dr. H. H. Kung, as

JAPAN RIDES PUPPETS

Jack Chen in China Today.

Minister of Finance, reported on financial affairs. The report dealt with the control of foreign exchange and the stability of national currency, since the outbreak of the present hostilities. The meeting is still in session.

Shanghai Urges Resistance

Prolonged resistance against Japanese invasion was urged in a joint telegram to the Council dispatched by leading public organizations in Shanghai. Emphasizing the danger of a compromise with Japan at the present moment, the message outlined five proposals for consideration by the Council:

1. Supporting the resistance policy of the supreme National Leader and opposing mediation;

2. Strengthening the united front and suppressing elements who advocate peace.

3. Urging the United States, Soviet Russia, France and Great Britain to apply sanctions against Japan through diplomatic maneuvers,

4. Improving the organization of popular movements in China, and

5. Intensifying guerilla activities in areas under Japanese occupation.

Joining in the chorus for prolonged resistance, Chinese students in Shanghai also wired the Council, making the following suggestions:

1. To reject all peace proposals.
2. To support Generalissimo Chiang Kai-shek in prolonged resistance against Japan.
3. To expand popular movements.
4. To develop Chinese influence in the areas under Japanese occupation.
5. To give relief to those students who are without means of obtaining education.
6. To enforce the Outline for Armed Resistance.

Chinese workers and refugees have also sent telegram to the Council urging that the entire nation should stand closer together and continue to fight on until the final victory is won.

Chinese newspapers here urged the Council to make a formal statement, clarifying the Government's stand toward continued armed resistance. Such a statement, it was pointed out, was imperative so as to put to rest all malicious rumors designed to undermine morale.

To ease apprehension of Chinese abroad, an explanation on the withdrawal of Chinese forces from the Wuhan area was cabled to overseas Chinese communities by the Central Overseas Affairs Committee. The cable pointed out that the evacuation of Wuhan was strategic, and effected in order to shift the theatre of hostilities and preserve Chinese power of resistance. For the same reason, Chinese troops were also withdrawn from the Canton sector. The message appealed to them for continued support and their faith in final victory.

Loss of Canton infuriated many Cantonese leaders in the Government. Tsou Lu and other Kwangtung members in the Government jointly petitioned General Chiang Kai-shek, urging that punishment be meted out to the responsible Kwangtung authorities, Gens. Yu Han-mou and Wu Te-chen. Gen. Chiang, in reply, assumed personal responsibility for the fall of the city, blaming himself for failure to put up a strong resistance.

Doubt that Dr. Wang Chung-hui, Foreign Minister, was in favor of a compromise with Japan, as was rumored, was removed when Dr. Wang declared to a representative of the German *Transocean* agency at Chungking that "China will go on fighting to her last breath." "It is absolutely inconceivable," he said, "that after making such great sacrifices China should now give up further resistance. The Chinese people are now more determined than ever to resist to the very utmost. She will continue to struggle until Japan makes an offer of equitable peace." On the question of Sino-Russian relations, Dr. Wang said: "China has in this war only one enemy: Japan. She has no difference with the Western powers. Her precarious position however compels her to accept every hand stretched out in friendship. Therefore, there is absolutely no reason for seeing a swing to the left in accepting Soviet assistance."

Official circles at Chungking characterized the peace rumors as a "Japanese maneuver for the purpose of weakening the will of the Chinese Government and nation to resist the Japanese invaders." The peace overtures made by the "shadow governments" in Peiping and Nanking were completely ignored. The Chinese press left no doubt in its editorial comment regarding the intention of the Central Government to continue the war until the Japanese have been evicted from the country. The official *Central Daily News* emphasized that the Chinese foreign policy was based upon national resistance and recent events had brought no change in that policy.

Wang Ching-wei, whose statement that "China is ready for peace if Japan offers acceptable terms" caused so much apprehension both in China and abroad, made a timely explanation of his remark in his reply to Chen Chia-keng, well-known overseas Chinese leader in Singapore, who challenged the statement. Mr. Chen cabled Mr. Wang stating that his interview on "peace conditions" had caused "misunderstanding" among the overseas Chinese, who regarded it as an indication of "lack of determination to resist to the bitter end." Mr. Chen further stated, "Since peace is impossible, why not firmly refuse the peace overtures, as this is more likely to brace up the people."

Wang explained that to resist aggression and to refrain from "refusing peace" were not contradictory, but were logical conditions for peace." If the restoration of peace be not detrimental to China's independence and existence, why should China refuse it? he argued. If it be detrimental, then of course, China would not agree.

Gen. Yu Han-mou sent a circular message to overseas Chinese, reiterating his determination to continue resistance against the Japanese invaders. After explaining the withdrawal from Canton, Gen. Yu urged the overseas Chinese not to be discouraged by temporary reverses but to continue their support to the Government. He said that he was reorganizing his troops and planning a counter-offensive.

China's resistance was highly commended by the Vatican's semi-official organ, *Observatore Romano*. Commenting on the 16-and-a-half-month-old Sino-Japanese hostilities, the organ expressed hope that "a stronger, more glorious China will emerge from today's defeat." The Chinese forces displayed stubborn resistance, which is a high honor for the Army despite its serious tactical mistakes.

The British China Aid Association cabled Gen. Chiang Kai-shek and the People's Political Council, expressing their support for China's continued resistance and affirming their faith in China's ultimate victory.

Because of the absence of extensive aid from democratic nations in China's war against Japanese invasion, diplomatic observers at Washington expressed the opinion that the Chinese Government might be forced to become avowedly Communistic in order to win Soviet assistance. Gen. Chiang Kai-shek, it was believed, would continue to retain his leadership, as he stands in favor with the Communists. Some quarters in Washington believed that the Soviet Union in recent months had purposely minimized the amount of assistance to China in the hope of eventually forcing the Kuomintang to give way to the Communists.

Gen. Chiang Kai-shek and President Lin Sen were urged to strengthen the central political structure and to adopt Dr. Sun Yat-sen's policy of co-operation with Soviet Russia, in a message signed by Madame Sun Yat-sen, Eugene Chen, and George Hsu Chien from Hongkong.

The *Hsin Hua Jih Pao*, Communist daily at Chungking, suggested a change in China's foreign policy. The paper urged, "We must discriminate between nations friendly to us and those friendly to the enemy. A clear demarcation line should be drawn between the two groups in our foreign policy. We should not treat the enemy's friends as our friends." Germany and Italy were singled out as the "enemy's friends."

First experimental radio-telephone communication between Moscow and China was carried out on Oct. 29 by the editorial office of the *Latest Radio News*. The experiment was stated satisfactory.

Report that the British Ambassador Sir Archibald Clark Kerr's present visit to General Chiang Kai-shek was being undertaken in connection with attempts at mediation was discredited in authoritative circles in London. It was believed that Gen. Chiang would inform the British Ambassador of his decision to continue the war. Sir Archibald was now en route to Changsha, where he would be received by the Generalissimo.

According to a Chungking report, the French Government has decided to appoint M. Maugras, at present Ambassador to Budapest, as Ambassador to China, in succession to Paul E. Naggiar, who has been transferred as Ambassador to Moscow.

Dr. M. T. Strewe declared, in a speech before the China Association at Berlin, that the Sino-Japanese conflict was an economic catastrophe for both countries and it was unquestionably more to Japan's economic interest to conclude a durable peace with China than to achieve a military triumph.

Rumors of peace talks between China and Japan were described as completely unfounded by Dr. Hu Shih, new Chinese Ambassador to the United States, in a statement issued on Oct. 29 following the ceremony in which he presented his credentials to President Roosevelt.

With the fall of Hankow, attempts were being renewed by the Japanese and their puppets for an early amalgamation of the Peiping and Nanking regimes. Setting the stage for further conversations on the subject, Wang Keh-min, head of Peiping, had arrived at Nanking in a Japanese airplane. After paying his respects to high Japanese military and naval officers and the Japanese Consul-General, Wang also called on Liang Hung-chih and other Nankingites. With the second conference of the Joint Commission under way at Nanking, it was expected that new developments in the puppet political shake-up would shortly take place.

According to Chinese reports, Liang Hung-chih, President of Nanking's "Executive Yuan" and Wang Tse-hui, "Minister of Industry" would be removed from their posts and transferred to a new puppet regime to be established at Hankow. Chen Chung-fu, another leading pro-Japanese politician and henchman of Gen. Doihara, may be appointed to succeed Liang, and Shen Leng-yi, "Vice-Minister of Industry," promoted as Wang's successor. An attempt was made on the life of Chen Chung-fu at Peiping last week. An attacker forced his way into Chen's home, searched all rooms for Chen but failed to locate him. A servant was killed, but other members of the Chen family were not injured.

Forecasting the form of the projected puppet "Central Government" of China, the *Miyako Shimbun* declared that "popular totalitarianism" would replace the "Three People's Principles" of Dr. Sun Yat-sen as the guiding principle in the building up of a Japonized China. The paper characterised the "Three People's Principles" as a "cancer of the Far East," which was responsible for the disintegration of China. Popular totalitarianism, the journal declared, lies in the moulding of Chinese individuals into one unit, "plus the stabilization of living conditions on the basis of a Far Eastern economic bloc between Japan, Manchukuo and China."

To make Nanking a "Paradise" out a hell, chief puppet Liang Hung-chih has mapped out an ideal ten-point reconstruction program which he revealed in an interview with *Reuters'* correspondent. The program called for:

1. Establishment of a constitutional form of Government;
2. Promotion of education among the masses;
3. Establishment of a university;
4. Abolition of dictatorship by a single party;
5. Active suppression of Communism;
6. Encouragement to refugees to return to their former homes;
7. Relief of unemployment by develop-

(*Continued on page 336*)

The War Against Foreign Business in China, and Japan's Monopolies

WHAT is happening in the Far East today to the United States, the composite parts of the British Empire and France is fuel for war.

Few have been the wars in which the genesis was not found in some form of trade strangulation. Nothing can make the sabers bristle more quickly than pinching a nation's pocketbook.

In the Orient today, the trade of every nation, perhaps even including Germany and Italy, is being strangled by the Japanese. Monopolies are the keynote of Japan, and everywhere in areas occupied by the Japanese army foreign interests are being cut down as neatly as a scythe slices through grass. Under the present situation, in one years' time Japan will have ousted every non-Japanese enterprise.

All of Japan's ambitions for the throttling of foreign interests are not encompassed by the North China Development Company and the Central China Development Company, although these two projected companies are the most grandiose programs yet put on paper by Tokyo's "Brain Trust." They have been mooted for some time, yet they have not been put into operation for the simple reason that it takes money to launch them, and Japan is sadly lacking in finances. The latest date for their inauguration has been set for Nov. 8, although another delay will not be surprising.

To secure the required amount to finance these ridiculously gigantic projects in North and Central China and Manchuria, too, Japan is looking toward the United States to hand over the required cash. Which makes it a decidedly ludicrous situation, because Japan would about face and use American money with which to oust American interests. At the present, hordes of Japanese propagandists are in America for the very purpose of convincing Americans that they should finance Japanese enterprises in China.

The plans drawn up by the Japanese for reconstruction of the occupied parts of China show the magnitude of the work they propose to undertake, and the vast amount of capital that will be required. The two development companies will require between them in the next five years an amount estimated at Yen 1,700 million. The North China project will need Yen 1,500 million and the Central China concern will require Yen 200 million.

Yen 1,700 million

The expenditure of the two firms, according to the *British Chamber of Commerce Journal*, has been outlined as follows:

1.—North China Development Company: Its enterprise expenditure is estimated at 1,420 million yen for the first five years in total. According to years, the funds which the company will require for investment and loans in various lines of industry are estimated as follows in units of 1,000 yen (in the fund is also included property in addition to cash):

1938	...	...	94,050
1939	...	...	284,710
1940	...	...	181,720
1941	...	...	198,540
Total	...		879,520

2.—Central China Development Company: Aiming at having enterprises restored to normal within three years as before the China Incident, the company will invest and loan approximately 50 million yen of the total requirement of 190 million yen for companies with which it is concerned. It also has the intention of loaning enterprise funds to concerns interested, as occasion demands.

Including the funds necessary in future to enlarge or newly establish enterprises or finance itself, the company estimate enterprise funds at 115 million yen for the first five years after commencing operation as follows in units of 1,000 yen:

1938	...	...	30,000
1939	...	...	20,000
1940	...	...	20,000
1941	...	...	25,000
1942	...	...	20,000
Total	...		115,000

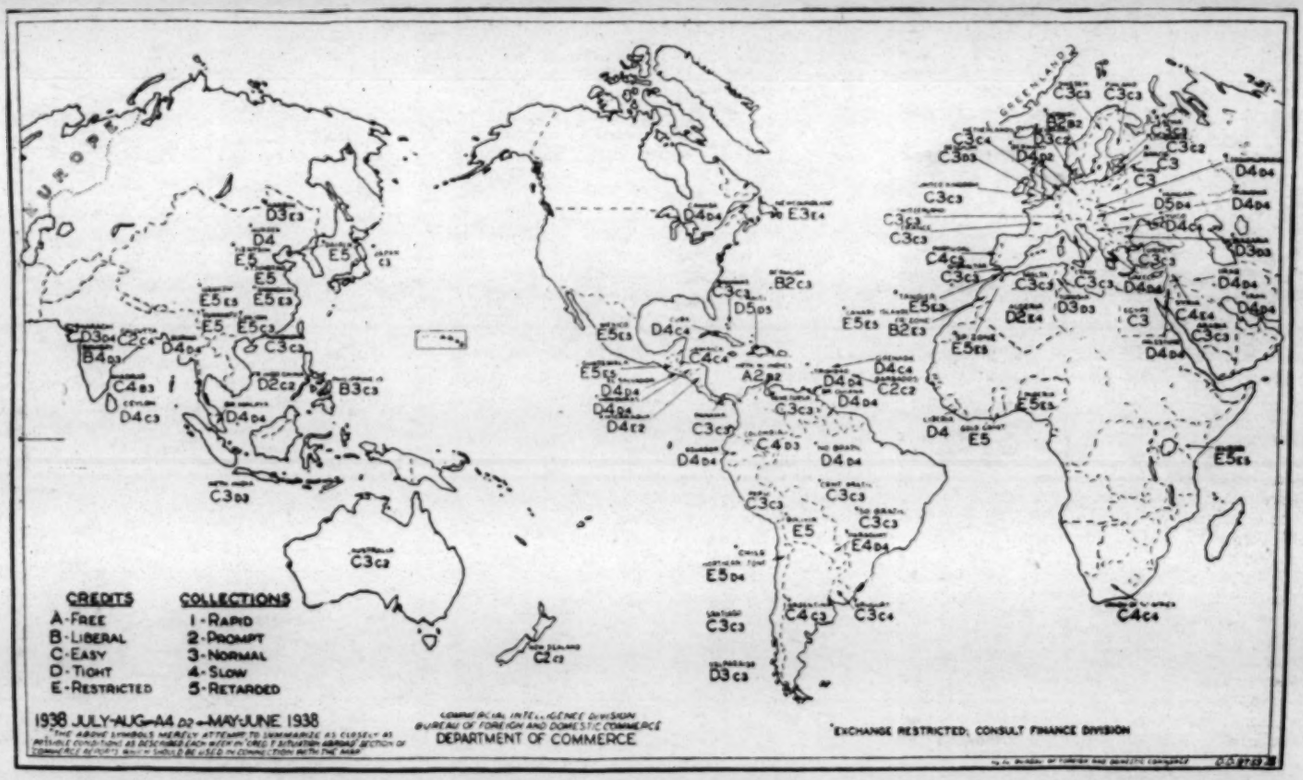
According to the *Oriental Economist*, with an initial capital stock of Yen 350 million, of which half will be contributed by the Government, the North China Development Corporation's chief field of activity will be the investment in or the granting of loans to the principal enterprises in certain lines, with a view to consolidating and co-ordinating the management and operation of these projects. The lines include transportation and harbour facilities; communications; power development and transmission; mining; salt recovery, distribution and utilization; and "other enterprises which require fusion or the logical adjustment of their relationship to improve the chances of North China's economic development."

The North China Corporation is therefore an investment or holding company, which will not interest itself directly in any scheme for the development of resources or in the operation of communication systems or transportation lines.

The capital needed to finance the schemes is estimated at Yen 1,420 million, to be expended during the next five years. The North China Development Corporation is expected to provide Yen 79,500,000 in the form of investments or loans and the balance is to be raised by the subsidiaries themselves.

The Scope

With regard to the Central China Promotion Corporation, the Government is to provide half the Yen 100 million capital stock of the concern. Beside investing in and granting loans to projects in certain lines, the Corporation may, with the special permission of the Government, operate these projects for its own account and risk. The lines with which it is concerned are



World credit situation, based on reports received during July and August of this year, by the Department of Commerce, Washington. At that time, credits were easy and collections normal in Japan. In China, credits were restricted.

transportation; communications; electric, gas and water supply utilities; mining, fisheries, and other activities necessary for the public interest and industrial promotion in Central China.

A notable feature in which the Central China Promotion Corporation differs from the northern firm is that particular stress is laid on reconstruction of the central region. This is essential because prior to the outbreak, the economy of Shanghai and the surrounding territory had attained a well defined degree of development. The immediate objective of the Promotion Corporation therefore will be to restore the war ravages, and it is calculated that three years may be required to complete the task.

As in the case of the North China Development Corporation, subsidiary companies will be entrusted with the direct undertaking of various industrial activities. Their combined capital stock is expected to reach Yen 190 million of which the Central China Promotion Corporation will contribute Yen 50 million, but the holding concern may require an additional Yen 115 million in the next five years for loans and investments to finance business expansion and for launching new projects. The capital requirements of the two holding corporations for the five year period are given below:—

	North China Development	*Central China Promotion*	*(In Yen 1,000) Total*
1938	94,050	30,000	124,050
1939	284,710	20,000	304,710
1940	181,720	20,000	201,720
1941	198,540	25,000	223,540
1942	120,500	20,000	140,500
5 years	879,520	115,000	994,520

These figures indicate the immensity of Japan's plans. She cannot hope to finance them herself, and she fervently hopes that the United States may be tricked into coming her rescue. But, perhaps her prayers are doomed for disillusion, for the American note to Japan on Oct. 6, clearly revealed the government's attitude toward the creation of monopolies by semi-Japanese Government institutions.

Meantime, notwithstanding their failure to inaugurate the "planned on paper" development companies, Japan is gradually monopolizing trade. The total value of foreign imports into China during September amounted to $75,137,566 and thus showed a decrease of $1,972,485 as compared with the previous month.

The total value of Chinese exports also declined in September, though only insignificantly, amounting to $79,822,793, or $380,915 less than during the previous month. As a consequence, the export surplus in China's total foreign trade rose by $1,591,670 to $4,685,227 in the month under review.

The small decline in the value of this country's foreign trade would not matter if it had been general. September had one day less than the month before and for this reason alone a decline of 3 per cent had to be expected.

Shanghai's Position

But the decline was by no means general. In Shanghai there was a strong increase in the total value of foreign trade, imports rising by almost $5,000,000, or 25 per cent, and exports even more, by $6,500,000, or 30 per cent. This considerable increase has been more than offset by the strong decrease in foreign trade of the other Chinese ports.

While the turnover of foreign trade in Shanghai increased in September, that in the majority of the other ports went down considerably. This was the case particularly in the South China ports, and here chiefly in the Canton area, although the Japanese invasion of Kwangtung Province began only this month.

As for the Japanese-occupied areas and Shanghai, there appears to have been an import surplus of some $5,000,000, which occurred almost exclusively in the North China ports.

Tientsin experienced last month an important reduction in its foreign imports, whose value fell from $27,406,973 to $23,472,641, while Tientsin's exports rose from $17,052,067 to $19,141,157. The decline of trade in Tientsin, coinciding with the large increase of trade in Shanghai, restored to the Whangpoo port again the place of honor as the first of all Chinese ports. Shanghai's share in the total of China's foreign trade was again 35 per cent.

No changes of importance were to be noticed during last month in the participation of the various foreign countries in China's imports, except that British imports declined from $6,777,935 to $4,912,328 while Japanese imports continued to rise, increasing from $23,825,253 to $24,757,786.

Japan's Control

Japan proper, Taiwan, Korea, and the Kwantung Leased Territory together sold to China $30,000,000 worth of goods and thus controlled 40 per cent of China's foreign imports. The import decreases in Tientsin obviously have been suffered by the European and American traders, and not by the Japanese.

Japan bought from China, however, only $10,769,761 worth of goods. With Chinese exports valued at $6,000,000 to the Kwantung Leased Territory, the Japanese Empire as a whole realized an active balance of trade with China amounting to $14,000,000.

In the participation of the outside world in China's exports, the strong decline of southern exports to Hongkong by almost $3,000,000, to $9,831,282 has to be emphasized. A considerable increase in Chinese exports, on the other hand, was to be witnessed in sales to the United States which rose from $3,812,851 to $5,002,827.

Japan, as we have stated, controlled 40 per cent of China's foreign imports. That she would do this and eventually increase this percentage was a foregone conclusion when she revised the tariff schedules in both North and Central China.

In a review of Sino-Japanese trade made by Eiko Otsuki, of the Taxation Bureau in the Japanese Ministry of Finance, it was admitted, according to *Finance & Commerce* (Oct. 19), that the downward revision of China's tariff greatly facilitated the development of the trade between the two countries.

Japan's exports in 1937 to China totalled Yen 179,000,000 and imports therefrom Yen 143,000,000, or a trade volume of Yen 322,000,000. Compared with the year previous, exports gained by Yen 19,000,000 or 12%, whereas imports declined by Yen 11,000,000 or 7.8%, the trade volume recording an increase of Yen 8,300,000 or 2.7%.

This expansion was due to the remarkable briskness of the Sino-Japanese trade in the first half-year. In that period, exports aggregated Yen 124,000,000, gaining by as much as 85% over the corresponding period of 1936, and imports Yen 103,000,000, or a gain of 56%. In the second half of 1937, however, exports fell by 41% to Yen 54,000,000, and imports by 55% to Yen 40,000,000. The average exports a month totalled Yen 20,000,000 in the first seven months of last year but declined to Yen 7,000,000 in the latter months, and the average imports monthly were Yen 16,000,000 and Yen 5,000,000 respectively.

The Dwindle Starts

Shipments to China, which had expanded until 1936 along with the general trade expansion accounted each year for 5 or 6% of the nation's total exports. In the first half of 1937, however, the percentage increased to 8% for the reason that the export trade on the whole had dropped markedly in that period in contrast with the activity in the trade with China. In the second half, the percentage fell off to 3.6% because exports to China dwindled by one-third due to the outbreak of the hostilities. Balancing the gain and loss, shipments to that country last year comprised the usual rate, 5.6%, of the total outgoings. In the first half of the current year the percentage again increased to the level of 11%, but this was due to the marked shrinkage in the export trade onthe whole contrasted with the briskness in the trade with China.

	Exports	*Imports*	*Total*	*Export Excess*
1932	129,478	77,175	206,653	52,303
1933	108,253	113,357	221,610	15,104
1934	117,063	119,574	236,635	*2,511
1935	148,788	133,818	282,603	14,973
1936	159,690	154,837	314,527	4,853
1937	179,251	143,636	822,887	35,615
1938, 1st H.	132,034	80,877	212,913	51,157
1937, 1st H.	124,997	103,358	228,355	21,639

(The asterisked figures denote import excesses.)

In sharp contrast with the dullness in the second half of last year, Sino-Japanese trade has been gaining gradually since the turn of the current year. The trade volume since March has exceeded the corresponding figures for last year. Thus, exports inthe first six months of this year amounted to Yen 132,000,000, and imports Yen 80,000,000, for a combined volume of Yen 212,000,000, and an export excess of Yen 51,000,000. As compared with the corresponding period of 1937, exports gained by Yen 7,000,000 or 6%, while imports fell off by Yen 22,000,000 or 13% and the combined volume by Yen 15,000,000 or 6.7%.

Imports from China, too, represented 5 or 6% of the total incomings in the past years. The share, in spite of the 50% gain in shipments therefor, declined to 4.8% in the first half of last year chiefly because of the more active purchases from other countries. In the second half the ratio naturally dropped by half to 2.4% due to the evil effects of the hostilities. Taking the whole year of 1937, China's share in the total incomings was 3.8% or smaller than the average ratio in the past. In the first half of this year the share was again boosted to 5.8%, partly because the total imports were restricted to the level of Yen 1,300,000,000 and partly because imports from China rallied to the level of Yen 80,000,000.

The Trouble Is . . .

In connection with the increased shipments to China, there are those who advocate strict curtailment of exports to other parts of the yen currency bloc, that is to the Continent. If shipments to Manchukuo and the Kwantung Leased Territory, totaling Yen 140,000,000 and Yen 235,000,000 respectively, are added to the Yen 132,000,000 shipments to China, the combined shipments to other parts of Japan's economic bloc would be Yen 507,000,000, or as much as 42% of the total outgoings. The trouble is that Japan can obtain no foreign funds by shipping her goods to her economic allies, and that cotton rayon and woollen goods, thus shipped to the Continent, are made from raw materials imported from third Powers.

The trade recovery in the period under review is due in part to the vigorous efforts on the part of Japanese traders, but mainly to the reduction of the Chinese tariff rates by the new regimes at Peiping and Nanking. This is clear from the fact that those items for which the import duties are either abolished or reduced, increased markedly in the first months of this year. They are, for instance, wheat flour, papers, lumber, iron manufactures, refined sugar, marine products, machinery, etc. If, however, Japan's exports should actually be restricted later

(*Continued on page 326*)

Sharp American Note Demands Tokyo Leave 'Door' Open

THIS week, the Far East digested the unprecedented sharp American note to Japan, read equivocal retorts of a Tokyo Foreign Office spokesman who airily referred to a "revision" of the Nine-Power Treaty, parroted for the umpteenth time the stock joke that Japan would continue to respect the "open door" principles, applauded the message of approval sent by the Shanghai American Association on Oct. 29 to the State Department.

The question went unanswered this week as to what manner of retaliation the United States would pursue should the Japanese reply, as generally expected, prove evasive to American demands.

Meantime, in Shanghai, intense resentment among foreign business against Japanese interference with trade in China came to a head on Oct. 29 when the American and British communities "buried the hatchet" of trade rivalry and met in a joint conference of British and American Chambers of Commerce directors.

Striking back at Japan's violation of the "open door" policy, the conference, the *China Press* reported, decided on a number of measures, including:

An urgent request by the British Chamber of Commerce to the British Government that a strong demand be made to Tokyo requesting the immediate cessation of Japanese interference with British treaty rights in China, a discontinuance of exchange control, freedom of movement to British subjects, restoration of free navigation on the Yangtsze, and a return of railway receipts to British bondholders;

Approval of a program presented by Mr. W. H. Plant, President of the American Chamber of Commerce, to be carried out during his visit to the United States, including a call on Washington;

Support of a telegram sent by the Shanghai American Association to Mr. Cordell Hull, of the State Department, with the support of the American Chamber of Commerce; and

Dispatch of instructions to several prominent Shanghai American businessmen at present in America to attend in New York Oct. 31 the U.S. National Foreign Trade Convention, held under the auspices of the National Foreign Trade Council.

The conference between the two chambers of commerce Oct. 29 was held behind closed doors. The British Chamber of Commerce gave its unqualified approval of the telegram sent by the American Association to Mr. Cordell Hull and indicated that a message couched in similar terms would be forwarded to the British Foreign Office, with an urgent request that the British Government take immediate action to prevent further Japanese monopolistic activities.

The British Chamber's request to London will also ask Downing Street to demand an early re-opening of the Yangtsze, on which, it will be pointed out, full trading facilities have been enjoyed by Japanese merchants now for some months, while foreign shipping firms are being excluded on the grounds of "military necessity."

The Foreign Office also will be asked to investigate Japanese operation of railways built and capitalized by British funds, and require a return of commercial receipts from traffic carried by the railways since they were taken over by the Japanese auth orities.

UNCLE SAM PONDERS THE FUTURE

Fitzpatrick in the Post-Dispatch, St. Louis.

Plant's Mission

Mr. W. H. Plant, President of the American Chamber of Commerce, and chief of the U.S. Steel Products Company, who left for America Oct. 30 by the Empress of Russia, presented to the conference a comprehensive program of his planned activities in America.

The program includes a call on Washington, where it is anticipated Mr. Plant will be received by Mr. Cordell Hull, to whom he will deliver a full account of the disabilities suffered by American traders as the result of Japanese interference with trade under the "closed door" policy. It is also possible that he will see the President. During his stay in the United States, Mr. Plant will seek to bring about the relief of U. S. businessmen in China through several other channels.

Shanghai's Reply

The American Association telegram to Secretary of State Cordell Hull expressed the deep appreciation of the American community at the official action taken by the government in demanding the safeguarding of American trade in China. The message said in part:

"The American Association of Shanghai, representing all American interests, expresses appreciation of the action of the Department of State in presenting a note to the Japanese Foreign Office on October 6 demanding that Japan cease discriminating against American trade with China and hinting at retaliation. They hope that if a satisfactory reply to the Note is not soon received or if Japanese promises fail, as heretofore, to be translated into action pressure along the lines suggested will be promptly brought to bear in order to secure correction not only of the matters mentioned in the note but of all other grievances of which the Department of State is well aware.

"Failure now to secure correction to abuses of our long-established treaty rights is likely to encourage the Japanese to further acts of monopolistic encroachment which would eventually bring them into conflict with the United States. Strong action now is more likely to produce a peaceful solution and avoid the possibility of more serious complications later . . . .

"Japan has already begun to implement its program designed to oust American business from China, pressing large distributors to turn over their North China business to Japanese agents, and approaching home offices of producers and manufacturers in America with virtual threats that unless agencies here, now in the hands of American or other firms, are turned over to Japanese control, the American producers may say goodbye to future business in China. Compliance with such Japanese demands would be likely permanently to damage the position of American firms in their China business . . . ."

Instructions were forwarded by the American Association to some twelve China traders, at present in the United States, to attend the convention. Nov. 1 of the Trade Council, and it was expected that among those who would put the China merchants' case before the convention would be

Mr. U. S. Harkson, of the Henningsen Produce Company;

Mr. A. W. Turner, of Messrs. Andersen, Meyer;

Mr. Walter Kelly, of Messrs. Muller and Phipps; and

Mr. R. T. MacDonnell, of Messrs. Hunt and Company, and chairman of the American Association.

Business Agrees

Strong approval of the attitude expressed by Washington in the Note to Tokyo, was forthcoming not only from American businessmen, but from traders of several nationalities in Shanghai. Special significance was placed on the reference by the Note to the comparative freedom enjoyed by Japanese traders in the United States, which was taken as a neatly worded threat by America that unless Japan was prepared to grant the Washington demands, retaliative measures might be taken by the United States.

The reference made in the Note to the disparity of trading condision between America and Japan was as follows:

> The American Government therefore finds it all the more difficult to reconcile itself to a situation in which American nationals must contend with continuing unwarranted interference with their rights at the hands of the Japanese authorities in China and with Japanese actions and policies which operate to deprive American trade and enterprises of equality of opportunity in China.

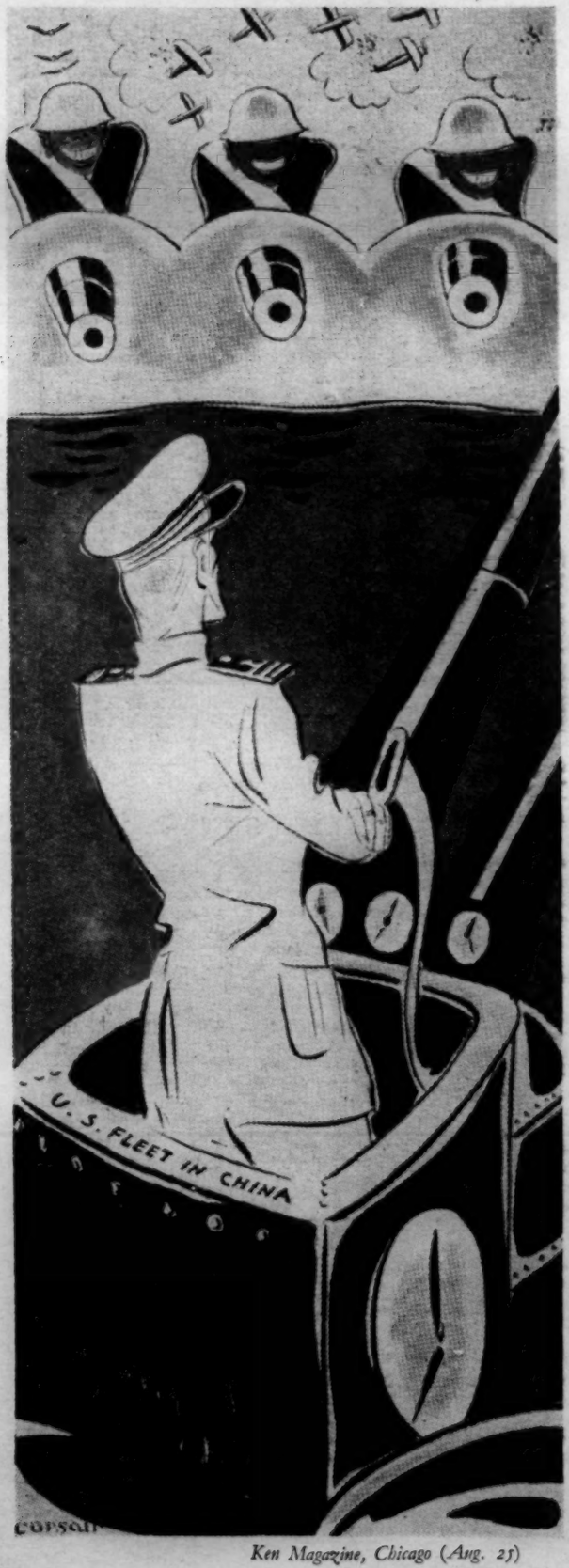
Discarding usual diplomatic verbiage, the note openly declared that the "Japanese authorities are seeking to establish in areas which have come under Japanese military occupation general preferences for, and superiority of, Japanese interests."

The inevitable effect of such steps, the note emphasized, will be "to frustrate the practical application of the principle of the Open Door and deprive American nationals of equal opportunity."

Among the instances of Japanese discrimination listed in the note were the unlawful inter ference with the trade movement and residence of American nationals, censorship of mail and telegrams in Shanghai, transportation of goods up the Yangtsze, and the establishment of monopolies on tobacco, wool, shipping and wharfage.

"The American Government," the note said, "finds it all the more difficult to reconcile itself to a situation in which American nationals must contend with continuing unwarranted interference with their rights at the hands of the Japanese authorities in China and with Japanese actions and policies which operate to deprive American trade and enterprises of equality of opportunity in China."

"STILL ON THE SPOT"



Ken Magazine, Chicago (Aug. 25)

The outspokenness of the note was made more marked by sarcastic references to Japanese pledges and to the Army-sponsored puppet administrations.

". . . The United States Government," said one passage, "has not sought either in its own territory or in the territory of third countries to establish or influence the establishment of embargoes, import prohibitions, monopolies or special companies designed to eliminate or having the effect of eliminating Japanese trade and enterprise."

The note presented a series of three demands, providing for the discontinuance of various discriminations clamped on American trade and nationals by the Japanese Army in the past 15 months.

What Uncle Sam Said

The full text of the historic note was as follows:

"The Government of the United States has had frequent occasion to make representations to Your Excellency's Government in regard to action taken and policies carried out in China under Japanese authority to which the Government of the United States takes exception as being in its opinion in contravention of the principle and the condition of equality of opportunity or the 'open door' in China.

"In response to these representations and in other connections both public and private the Japanese Government has given categorical assurances that equality of opportunity or the open door in China will be maintained.

"The Government of the United States is constrained to seborve however that not with standing the assurances of the Japanese Government in this regard violations by Japanese agencies of American rights and interests have persisted.

"As having by way of illustration a bearing upon the situation to which the Government of the United States desires to invite the attention of the Japanese Government, it is recalled that at the time of the Japanese occupation of Manchuria the Japanese Government gave assurances that the open door in Manchuria would be maintained.

"However, the principal economic activities in that area have been taken over by special companies which are controlled by Japanese nationals and which are established under special characters according them a preferred or exclusive position.

"A large part of American enterprise which formerly operated in Manchuria has been forced to withdraw from that territory as a result of the preferences in force there. Arrangements between Japan and the regime now functioning in Manchuria allow the free movement of goods and funds between Manchuria and Japan while restricting rigidly the movement of goods and funds between Manchuria and countries other than Japan.

"This channeling of the movement of goods is effected primarily by means of exchange control exercised under the authority of regulations issued under an enabling law which provide expressly that for the purpose of the law Japan shall not be considered a foreign country nor the Japanese yen a foreign currency.

"In the opinion of my Government equality of opportunity or the open door has virtually ceased to exist in Manchuria notwithstanding the assurances of the Japanese Government that it would be maintained in that area.

"The Government of the United States is now apprehensive lest there develop in other areas of China which have been occupied by Japanese military forces since the beginning of the present hostilities a situation similar in its adverse effect upon the competitive position of American business to that which now exists in Manchuria.

Dilly-Dallying

"On April 12, 1938 I had occasion to invite the attention of Your Excellency's predecessor to reports which had reached the Government of the United States indicating that discrimination in favor of Japanese trade with North China was likely to be effected by means of exchange control and ask for assurances that the Japanese Government would not support or countenance financial measures discriminatory against American enterprises.

"Although the Minister for Foreign Affairs stated then that the Japanese Government would continue to support the principle of equal opportunity or the open door in China no specific reply has yet been made by the Japanese Government on the subject of these representations.

"The Government of the United States now learns that the Japanese authorities at Tsingtao have in effect established an exchange control, that they are exercising a discriminatory authority to prohibit exports unless export bills are sold to the Yokohama Specie Bank, and that the Bank refuses to purchase export bills except at an arbitrary rate far lower than the open market rate prevailing at Tientsin and Shanghai.

"A somewhat similar situation apparently prevails at Chefoo.

"Furthermore, reports continue to reach the American Government that a comprehensive system of exchange control will soon be established throughout North China. Control of foreign exchange transactions gives control of trade and commercial enterprise, and the exercise, either directly or indirectly, by the Japanese authorities of control of exchange in North China would place those authorities in position to greatly impede free competition between Japan and the United States in that area.

"In such a situation imports from and exports to the United States as well as the choice of dealers in North China would be entirely subjected to the dispensation of the Japanese authorities.

"Notwithstanding the short time that exchange control has been enforced in Tsingtao two cases of discrimination have already been brought to the attention of the Government of the United States.

"In one instance an American dealer in a staple commodity has been unable to export to the United States because Japanese authorities there have insisted that his export bills be sold to a Japanese bank at a rate so far below the current rate of exchange of the Chinese currency in the open market that such transactions would involve a loss rather than a profit; but a Japanese competitor recently completed a large shipment invoiced at a price in United States dollars which was

PROGRESS SINCE 1918

Fitzpatrick, St. Louis Post-Dispatch.

equivalent to the local market price calculated at the current open market rate.

"In the other instance an American firm was prevented from purchasing tobacco in Shantung unless it should purchase so-called Federal Reserve notes or yen currency with foreign exchange and at an arbitrary and low rate of exchange, conditions not imposed upon the company's Japanese or Chinese competitors.

Responsibility

"The Government of the United States has already pointed out to the Japanese Government that alterations of the Chinese customs tariff by the regimes functioning in those portions of China occupied by Japanese armed forces and for which the Japanese Government has formally assured its support are arbitrary and illegal assumptions of authority for which the Japanese Government has an inescapable responsibility.

"It is hardly necessary to add that there can be no equality of opportunity or open door in China so long as the ultimate authority to regulate, tax, or prohibit trade is exercised, whether directly or indirectly, by the authorities of one 'foreign' power in furtherance of the interests of that power.

"It would appear to be self-evident that a fundamental prerequisite of a condition of equality of opportunity or open door in China is the absence in the economic life of that country of preferences or monopolistic rights operating directly or indirectly in favor of any foreign country or its nationals.

"On July 4, I spoke to General Ugaki of the desire of the American Government that there be avoided such restrictions and obstacles to American trade and other enterprises as might result from the setting up of special companies and monopolies in China. The Minister was so good as to state that the open door in China would be maintained and that the Government of the United States might rest assured that the Japanese Government would fully respect the principle of equal opportunity.

Monopolies

"Notwithstanding these assurances, the provisional regime in Peiping announced on July 30 the inauguration, as of the following day, of the China Telephone and Telegraph Company, the reported purpose of this organization being to control and to have exclusive operation of telephone and telegraph communications in North China.

"There was organized in Shanghai on July 31 the Central China Telecommunication Company, and the special service section of the Japanese Army has informed foreign cable and telegraph companies that the new company proposes to control all the telecommunications in Central China.

"According to a semi-official Japanese press report, there was organized at Shanghai on July 28 the Shanghai Inland Navigation Steamship Company, to be controlled by Japanese, the reported object of which is to control water transportation in the Shanghai delta area.

"According to information which has reached my Government a Japanese company has been organized to take over and operate the wharves at Tsingtao which have hitherto been publicly owned and operated. Should such a development occur all shipping of whatever nationality would become dependent upon a Japanese agency for allotments of space and stevedoring facilities.

"The wool trade in North China is now reported to be a Japanese monopoly and a tobacco monopoly in that area is reported to be in process of formation.

"Moreover, according to numerous reports which have been reaching my Government the Japanese Government is proceeding with the organization of two special promotion companies which it has chartered and which it will control with the object of investing in, unifying and regulating the administration of certain large sectors of economic enterprise in China.

"The developments of which I have made mention are illustrative of the apparent trend of Japanese policy in China and indicate clearly that the Japanese authorities are seeking to establish in areas which have come under Japanese military occupation general preferences for, and superiority of, Japanese interests, an inevitable effect of which will be to frustrate the practical application of the principle of the open door and deprive American nationals of equal opportunity.

"I desire also to call Your Excellency's attention to the fact that unwarranted restrictions placed by the Japanese military authorities upon American nationals in China—notwithstanding the existence of American treaty rights in China and the repeated assurances of the Japanese Government that steps had been taken which would insure that American nationals, interests and properties would not be subject to unlawful interference by Japanese authorities—further subject American interests to continuing serious inconvenience and hardship.

Restrictions

"Reference is made especially to the restrictions placed by the Japanese military upon American nationals who desire to re-enter and re-occupy properties from which they have been driven by the hostilities and of which the Japanese military have been or still are in occupation.

"Mention may also be made of the Japanese censorship of and interference with American mail and telegrams at Shanghai and of restrictions upon freedom of trade, residence and travel by Americans, including the use of railways, shipping and other facilities.

"While Japanese merchant vessels are carrying Japanese merchandise between Shanghai and Nanking those vessels decline to carry merchandise of other countries, and American and other non-Japanese shipping is excluded from the lower Yangtsze on the grounds of military necessity.

"Applications by American nationals for passes which would allow them to return to certain areas in the lower Yangtsze valley have been denied by Japanese authorities on the ground that peace and order have not been sufficiently restored, although many Japanese merchants and their families are known to be in those areas.

"American nationals and their interests have suffered serious losses in the Far East arising from causes directly attributable to the present conflict between Japan and China, and even under the most favorable conditions an early rehabilitation of American enterprises in China and of American trade with China cannot be expected.

"The American Government therefore finds it all the more difficult to reconcile itself to a situation in which American nationals must contend with continuing unwarranted interference with their rights at the hands of the Japanese authorities in China and with Japanese actions and policies which operate to deprive American trade and enterprises of equality of opportunity in China.

"It is also pertinent to mention that in Japan, too, American trade and other interests are undergoing severe hardships as a result of the industrial, trade, exchange and other controls which the Japanese Government has imposed incident to its military operations in China.

"While American interests in the Far East have been thus treated at the hands of the Japanese authorities the Government of the United States has not sought either in its own territory or in the territory of third countries to establish or influence the establishment of embargoes, import prohibitions, exchange controls, preferential restrictions, monopolies or special companies designed to eliminate or having the effect of eliminating Japanese trade and enterprise.

"In its treatment of Japanese nationals and their trade and enterprise, the American Government has been guided not only by the letter and spirit of the Japanese—American commercial treaty of 1911 but by those fundamental principles of international law and order which have formed the basis of its policy in regard to all peoples and their interests; and Japanese commerce and enterprise have continued to enjoy in the United States equality of opportunity.

Growing Disparity

"Your Excellency cannot fail to recognize the existence of a great and growing disparity between the treatment accorded American nationals and their trade and enterprise by Japanese authorities in China and Japan and the treatment accorded Japanese nationals and their trade and enterprise by the Government of the United States in areas within its jurisdiction.

"In the light of the situation herein

reviewed, the Government of the United States asks that the Japanese Government implement its assurances already given with regard to the maintenance of the open door and to non-interference with American rights by taking prompt and effective measures to cause :

"1. The discontinuance of discriminatory exchange control and of other measures imposed in areas in China under Japanese control which operate either directly or indirectly to discriminate against American trade and enterprise ;

2. The discontinuance of any monopoly or of any preference which would deprive American nationals of the right of undertaking any legitimate trade or industry in China or of any arrangement which might purport to establish in favor of Japanese interests any general superiority of rights with regard to commercial or economic development in any region of China ; and

3. The discontinuance of interference by Japanese authorities in China with American property and other rights, including such forms of interference as censorship of American mail and telegrams and restrictions upon residence and travel by Americans and upon American trade and shipping.'

"The Government of the United States believes that in the interest of relations between the United States and Japan an early reply would be helpful."

London's Reaction

The American Note to Japan, in which the United States accuses Japan of discrimination against American citizens and their legitimate interests in China, was featured at length in the principal London newspapers and was given prominence in all of them.

The Times correspondent in Washington said that speculation and discussion in Washington is now centered in countervailing measures at the disposal of the Americans, if Japan does not give satisfaction.

It is expected, stated the *Daily Telegraph's* Washington correspondent, that the United States Government may place Japan on the blacklist of nations not enjoying the reductions of the Hawley-Smoot tariff. Germany, he declared, has already been thus penalized for discriminatory trade policies. The correspondent said that the application of the American Neutrality Act is also canvassed, which, it is pointed out, will no longer hamper China whose chief ports are now Japanese controlled.

Cotton Exchange Planned Here

With capital of one million yen, a Sino-Japanese company has completed preparations to open a cotton exchange in Shanghai, according to a report reaching the Osaka Foreign Trade Association Oct 29.

The report stated that the exchange will be capitalized with 7,500 shares subscribed by Japanese promoters, 5,000 shares by Japanese cotton mills and 7,500 shares by the Chinese Cotton Goods Exchange, Ltd., situated at 260 Avenue Edward VII, Shanghai. A formal application for the establishment of the cotton exchange will be filed with the Ministry of Industries of the Reformed Government in Nanking at the beginning of next month.

Goods to be handled at the new exchange will include raw cotton, cotton yarn, cotton piece goods and rayon silk. At the outset the exchange will limit its business to raw cotton and cotton yarn and the other goods will be handled later. It was understood that all transactions will be conducted in the national currency of China. Reports said the Chinese Cotton Exchange would not reopen.

Japanese Praises Missionaries

"Japanese who come to live in China an shoulder the responsibility of reconstructing a new East Asia can learn a great deal from the untiring efforts of missionaries," Liuet' Gen. Prince Naruhiko Higashikuni, commander of Japanese forces in Central China told newsmen in an interview at an undisclosed place, in China this week. The Prince met the newsmen in an upstairs room of a school building being used as his headquarters. The room contained several tables on which were spread military maps marked in red and blue cloors.

"When I read "The Good Earth" I was surprised to learn that foreigners have learned so much about the lives of Chinese people," Prince Higashikuni said. "I wonder how many Japanese are studying China as much. I have personally seen the activities of the British, American, German and Italian religious and charitable organizations, which have penetrated deeply into the lives of the Chinese people in North and Central China, and it seems that the missionaries are determined to live in China until the end of their days. Not a few of them have lived here 10 or 20 years."

Missionary Baby Is Killed

The United States Embassy at Peiping lodged an emphatic protest with the Japanese Embassy last week against the bombing of the Lutheran Mission at Tungpeh, Honan province, where three-year-old Phoebe Nyhus, daughter of Mr. and Mrs. Arthur Nyhus of Fertile, Iowa, was killed on Oct. 24.

In accordance with their request of March 3, Japanese authorities were given a map showing the location of the mission, the protest declared. The mission was also marked with American flags. According to one member of the mission, the bombing was intentional.

The dead child was born at Chikungshan, while the other child, Ruth, who was wounded, was born at Hankow.

Chinese Guerillas Near Nanking

In probably the first interview he ever granted to the press, General Yen Ting, commander of the "New Fourth Army," which is operating in the vicinity of Nanking and Wuhu, told *Reuter* that the vanguards of his troops were only 15 miles from Nanking on Oct. 29.

Men of his army, dressed in plainclothes, he said, had frequently put up posters on the city walls of Nanking, and on several occasions some even had succeeded in entering the city. The interview took place in a small hotel in a room lighted by a kerosene lamp.

General Yeh Ting, who together with General Ho Lung staged an up-rising in Nanchang in 1926 and started a ten-year war between the Chinese Communist Party and the Kuomintang, is almost boyish in appearance although 42 years of age. During the interview he spoke rapidly in Cantonese and Mandarin.

Rail Protection

In order to protect the railways from guerilla raids, the North China railway authorities have instructed the Kinhan, Pingsui, Peining, Tsinpu, Chengtai, Tungpu, Lunghai and Taoching railway authorities to organize protection corps, state Chinese reports. A "protection house" must be established at intervals of three kilometers along the track and in them, watchmen must be continuously on duty.

Schoolmaster America

German resentment at what is termed America's "schoolmaster tactics" in criticizing Europe and particularly Germany, which has been smouldering for the past several weeks, burst into full flame last week in a lashing denunciation published in the semi-official *Deutsche Diplomatisch-Politische Korrespondenz* which usually receives its inspiration direct from the Wilhelmstrasse.

While the statesmen in Europe in full consciousness of their responsibility are endeavoring to bring about better relations between the nations, America, according to the semi-official organ, apparently desires a development in the opposite direction to judge from the press which omits no opportunity of emphasizing in crassest words the differences between the European nations.

"It is high time," the correspondent declared "that America starts to realize that she is a daughter state of Europe and in both the moral and cultural fields has received considerable dowry from the Old World. The mission of the New World does not lie in adopting schoolmaster tactics towards the old and still less in exciting the countries which have pouplated her, against one another or through unrestrained defamation and stirring up enmities against the peoples.

"The United States may well be proud that they have enforced their Monroe Doctrine throughout the world and have gained universal recognition but this fact in itself should inspire certain American circles to a higher degree of tactifulness. It is certainly understandable that from the point of view of general interest the United States cannot remain indifferent to European developments but even to be able to judge these properly, demands a more detailed knowledge of facts and particularly more insight than America has shown for European affairs since the end of the World War.

"Even ideological differences which influence the life of peoples in Europe need not include authoritative and unauthoritative quarters in America to attack political parties and intensify the controversies because the European nations themselves desire only to proceed—regardless of these differences of viewpoint—towards the goal of understanding even though this may not meet with the approval of a certain class in America. At its present extent, American interference in European affairs begins to become distinctly annoying, particularly when it constitutes a hindrance to the policy of reconciliation now being pursued."

To Divert British Trade With China

Both the Hongkong-Canton Railway and the sea route to Canton closed, an attempt will be made to divert the trade from Hongkong to China over the Portuguese port of Macao, London business circles said this week. In this way, it was stated that stocks of export commodities now accumulated in Hongkong will be brought to their destination in China. Certain firms, it is said, have also returned goods to the senders and arranged for their conveyance via French Indo-China.

Japan Bank to Aid Mining Development

The Industrial Bank of Japan, after negotiations with the Ministry of Finance on rehabilitation loans to Japanese firms in China, has decided to make loans of Yen 7,500,000 to the Shantung Mining Company and Yen 1,300,000 to the Kinugawa Mining Company for the restoration of the Chaoyuan Gold Mines in Shantung in the near future.

China Makes Ready for New York's 1939 World Fair

BY C. Y. W. MENG 孟昭注

ALTHOUGH being fully engaged in a desperate fight with Japan, as the only "Crusader" in the world to oppose her, China continues active in international movements for the cultivation of friendship, better understanding and mutual co-operation among the powers. In the past, China never failed to participate in any international conferences, such as the International Labor Conference, the International Conference of the Chambers of Commerce, etc. China is always glad to participate in these undertakings with the ardent hope that world peace, so vital to all, may be preserved. By her presence at these international conferences, China not only wishes to do her part but desires more to offer her humble contribution to the cause of civilization, world peace and humanity. What she hopes to contribute —in absence of any appropriate term— may well be called the "Science of Peace!"

NO "PUSH-OVER"

Duffy in the Baltimore Sun

This time, on invitation of the American Government to participate in the New York World's Fair of 1939 which has the object of "Building the World of Tomorrow", China at once nullified her past decision "not to participate in any international exhibition for five years to come" (beginning from the outbreak of the war with Japan in 1937) and accepted the invitation. We can do no better than to quote what is said in the editorials of some leading papers in the country regarding the importance of China's participation in the World's Fair.

The *China Times*, once one of the leading papers in Shanghai, now being published in Chungking—China's war-time capital,—in an editorial on "The participation of the World's Fair", after expressing its opinion that "the participation will have profound effect not only in the elevation of China's present status in the family of nations, in the increase of foreign trade, but also ushering a bright future to our War of Resistance Against Japanese Aggression," had the following to say:

"……This time, the World's Fair takes place in America. China and America are two great nations bordering the Pacific. These two great peoples have always maintained their friendly relations. The founding of the American nation has always been a source of inspiration to the Chinese. The United States has always respected Chinese sovereignty and the territorial and admistrative integrity of China, and has always taken the lead in the welfare of China.

"Since the outbreak of the War of Resistance Against the Japanese Aggression, although there are a handful of the American merchants who have been engaged in an 'inhuman trade' with the Aggressor of the East, the public opinion as well as the American policy is ninety-nine per cent sympathetic with the Chinese. So the Chinese participation in the World's Fair really demonstrates that on one hand, the Chinese public sentiment and enthusiasm all go to this great occasion, and on the other, it strengthens the mutual sympathies and respects to each other…"

Such press opinion is fairly representative of the Chinese voice which is heartily supporting the decision to accept the American invitation, despite the fact that the many war-time activities have already taxed the Chinese masses and officials—their time, energy as well as money—to the utmost.

The Preparation Committee

"The Preparation Committee for the Participation of the New York World's Fair in 1939 by the Republic of China" was organized on September 13. It consists of high officials and staff members of the Ministries of the Interior, Foreign Affairs, Economic Affairs, Communications, Education and Overseas Affairs Committee, Foreign Trade Committee, the National Museum, and the National Research Institute. Dr. Wong Wen-hao, China's foremost geologist, now the Minister of Economic Affairs, is the chairman of the Preparation Committee, and Mr. Chang Tao-van, Vice-Minister of Education, the vice-chairman. The following are the members of the Preparation Committee:

Chin Fen, Vice Minister of Economic Affairs
Tseng Yung-fu, Vice Minister of Foreign Affairs
Chou Ling, Vice Minister of Finance
K. C. Lee, Manager of Wha Chang Trading Corporation, New York City
T. F. Chiang, Director of the Political Affairs Bureau of the Executive Yuan
Chen Nien-chung, Councilor of the Ministry of Interior
Wu Sung-kao, Director of the Asiatic Affairs of the Ministry of Foreign Affairs
Ku Yu-hsiu, Vice Minister of Education
Lu Tso-fu, Vice Minister of Communications
Chen Hui-teh, Chairman of the Foreign Trade Committee of the Ministry of Finance
Wang Chih-yuan, Director of the Secretariat of the Overseas Affairs Commission
Shou Ching-wei, Director of the Department of Commerce of the Ministry of Economic Affairs
Chi-Hong Taine (C. H. Taine), Superintendent of Technical Bureau of the Ministry of Economic Affairs
Y. T. Tsur, Member of the Provincial Government of Kweichow
Wang Hsiao-lai, Chairman of the Chinese Chamber of Commerce, Shanghai
Chou Shou-chen, Chairman of the Chinese Chamber of Commerce, Hongkong
Wen Shao-hao, Chairman of the Chamber of Commerce, Chungking
Wang Wen-chih, Chairman of the Chamber of Commerce, Hankow
Wang Po-yueh, Member of the Central Revolutionary Loan Investigation Commission

Dr. Chi-Hong Taine is concurrently the Secretary-General of the Preparation Committee.

A detailed Guide Pamphlet with various regulations and full information about the New York World's Fair is ready for circulation and distribution on request. Article 1 of the "Regulations Governing the Collection of the Exhibits," which is widely advertised in all leading papers in the country, reads:

"Articles which the Preparation Committee means to collect shall be in conformity with the following standards, namely;

1. that they should demonstrate our latest progress in the national economy, technical arts and education, which must coincide with the object of the New York World's Fair;
2. that they should represent "The New China" in making, which must coincide with the object of the World's Fair in the "Building of the World of Tomorrow";
3. that they should show our latest record of the development of China's Southwest and Northwest, which has been achieved during the period of our War of Resistance Against the Japanese Aggression;
4. that they should demonstrate our efforts to find market for our special products in America, so as to seek for further expansion of our trade abroad as well as to improve the Sino-American trade relations; and
5. that they should demonstrate the spirit and the special features of the Chinese culture and arts to act as the intermediary between the Chinese and western culture and arts, and to promote the cultural co-operation between China and America."

This article tells China about Chinese participation in the New York World's Fair—its aim and purpose as well as the kinds of the exhibits which China is likely to send to the States.

Another long list of articles, grouped into nine categories, namely, Science, Arts, Industry, Communications, Architecture, Education, Medicine and Public Health, Native Products, and Special Products, was also issued and widely advertised in all papers. The Chambers of Commerce in Chungking, Hankow and Shanghai, and the Offices in Kunming and Hongkong are designated to be the centers of the assemblage of the exhibits for the fair.

Dr. Kung's Appeal

Dr. H. H. Kung, President of the Executive Yuan, in his interview with the pressmen on October 3, urged the nation to put up a good show in New York, and said that the Preparation Committee is now intensively taking vigorous steps towards the preparation for a successful

show. He said inter alia that:

". . . . . China and America are two great democratic nations on both sides of the Pacific, whose friendly relations have been traditional. One hundred and fifty years ago, the Americans founded their nation, and developed their own economy. Such national spirit and methods of development should be a good model to the Chinese. The United States always pays due respect to Chinese sovereignty, and the territorial and administrative integrity of China for which the Chinese are very grateful.

"Although the Fair is being held during the time of our War of Resistance Against Japanese Aggression, China is only too glad to participate in the Fair. Since the establishment of the National Government in China, progress has been made in all directions. All products which can demonstrate the progress of our reconstruction as well as serving as the intermediary in the development of our foreign trade should be chosen and sent to New York. . . . . ."

It is further reported that in order to encourage the collection of more exhibits, Dr. Wong Wen-hao, Minister of Economic Affairs, and concurrently the Chairman of the Preparation Committee, had called a special conference of the Directors of the Reconstruction Bureaus of the Provinces of Kwangtung, Kwangsi, Yunnan, Kweichow, Shensi, Kansu and Szechuen, for discussing the methods of procuring more products. He said that "the participation in the World's Fair has a great thing to do with the national honor, China's foreign trade as well as Sino-American friendly relations."

In a reception party held at the International Club, October 17, for all leaders in the industrial and commercial realm, to discuss China's participation in the Fair, the Minister of Economic Affairs, quoted Dr. Kung in his appeal. He said: "We must re-double our efforts in the collection of our products. But we can not do so unless all strive hard. Chungking is now the center for the collection of the products of the Southwest, so all public bodies and industrial and commercial organs should do their utmost to collect the best products for the World's Fair."

It is also said that the Reconstruction Bureau of the Provincial Government of Szechuen is now contemplating to establish a "Native Goods Bazaar" on a large scale by collecting all native products, not only coming from the Province of Szechuen but also other "rear provinces" as well. The sole purpose is to help the Preparation Committee to collect the best products in the Southwest.

China took part in the previous Chicago Fair, today China is again preparing to take part in the World's Fair, but apparently not without their reasons. We may sum up their reasons as follows:

First: it shows China's *special* friendship with America who is generally looked upon by the Chinese as their "best friend."

Secondly: it shows China's earnest desire to cultivate better and cement more solidly the Sino-American friendly relations.

Thirdly: it shows China's earnest hope in the American policy in the Far East to be not that of "isolation" or "withdrawal" but essentially an "active policy" and a policy of standing with dignity for the maintenance of international justice, the upholding of the sanctity of the international agreements and treaties and the preservation of the world peace.

Fourthly: It shows China's extreme anxiety to "rebuild" the present world. Indeed, the present world which we are living today is now almost dominated by the aggressors, and it is not the world we want. In the present world, we find, violations of the international agreements and treaties, invasions of other's territories, and the disturbance of the world peace by means of "undeclared war" are now the order of the day. As a result, world peace is now in the most critical stage, and we are going back to the barbarian stage when there was no law but chaos, and we will soon face another catastrophe far more serious in consequence and extent than that of 1914-18.

Chungking, October 18, 1938.

Shiunso Wants to Chastise British

THIS week, British Far Easterners went about their business as usual, their traditional reserve uncracked by the anti-British tirade uncorked in Tokyo last week by the Shiunso, an ultra-nationalistic organization which from time to time publishes large advertisements in the Japanese press in an attempt to influence the Japanese government and the general public.

Their latest expression of Bushido appeared in a five-column notice in which they declared that Japan has the strongest army and navy in the world, and should go to any lengths, including war, to secure a pledge from Great Baitain that she will give up her policy of assisting China's National Government, and recognize Japan's position as the stabilizing influence in East Asia, and promise not to take in the future, without Japan's understanding, any political or economic action savoring of politics in China.

The Shiunso minced no words. It said that powers which have helped China's National Government have to face abandonment of their vested rights and interests in China; that Great Britain's army, navy and air force are strong enough to scare small Powers but fall short of scaring a big Power possessing serious determination; and that today, when the submarine and aeroplane have made rapid progress, Great Britain cannot defend her rights and interests in the Orient, the South Seas and Australia without a friendly understanding with Japan.

The advertisement urged Japan to turn down every move Great Britain may make and refuse to deal with her altogether if she does not give the pledges which Japan should demand. Great Britain, it said, may make various demonstration, but the Japanese people should not be surprised by threats. "Moreover, if Great Britain assumes an attitude too unbearable to Japan, the Japanese people should be determined definitely to chastise such an attitude.

"We demand those of the Japanese people who are afraid of Great Britain to withdraw from the first line and be replaced by those who are not afraid of her."

British Regrets

Meantime, observers in London gloomily eyed Japan's invasion of South China, expressed regret over the killing of Hongkong's trade with the interior.

But, general impression were that Japanese occupation of the southern territories is not definite and that, upon the termination of hostilities, Japanese garrisons there will be withdrawn and confined to North China, chiefly Shanghai and Peiping.

Japan's Foreign Trade

Statistics released by the Ministry of Finance this week disclosed that Japanese Foreign trade for the last ten days of October showed a favorable balance. Excess of exports over imports amounted to Yen 27,021,000. Exports totalled Yen 107,238,000 while imports aggregated Yen 80,217,000.

Arita Gets Post of Foreign Minister

Hachiro Arita, former Foreign Minister, and Yoshiaki Hatta on Oct. 28 were selected by Premier Prince Ayamaro Konoye to fill the posts of Foreign Minister and Overseas Minister respectively in the present Japanese Cabinet,

Since the resignation of General Kazushige Ugaki and Count Sonyu Otani, Prince Konoye had held the two posts concurrently with the premiership. Decision was reach recently to appoint new ministers to these portfolios in view of the new developments in the international and domestic situations. Arita was foreign minister in the recent Hirota cabinet and previously had been successively ambassador to Brussels and Nanking. He is one of the veteran career men of the Kasumigaseki.

Sacred Campaign

A statement urging the people to redouble their support of the Government's policies in the China hostilities was issued Oct. 30 by the Minseito and Seiyukai Parties in connection with a nationwide patriotic campaign.

"However long the hostilities may be prolonged we are prepared to march onward to a successful conclusion of the campaign, braving every kind of difficulty and privation," the statement said. "In one year and a half since the start of hostilities," the statement continued, "the Japanese forces have occupied North and Central China and captured important points in South China and thus enhanced the prestige of the country. However, the campaign is only half completed and we have a long distance to travel. At this time it is necessary for the people to reinforce their activities in nationwide cooperation and strive for the attainment of our goal.

"The real meaning of the sacred campaign is clearly enunciated in the Imperial Rescript granted to the 72nd Session of the Diet, which mentioned these points: eradication of Communism, establisment of peace in East Asia, a neighborly attitude toward the peoples of Asia and contribution to the peace of the world."

Controlled Economy

Japan's "economic mobilization" policies will be continued to finance longterm reconstruction and rehabilitation in China, Toyotaro Yuki, Governor of the Bank of Japan, told Tokyo newsmen Oct. 27.

Japan's economic resources are not so weak as some foreign quarters have imagined, he said. There is no cause for worry over economic resources for financing military operations and rehabilitation work in China so long as the entire nation is behind the government and its policies, Yuki declared. The government budget will be further expanded and more bond issues will be necessitated, he revealed. He expressed confidence that Japan's economic resources will be "fully developed and carefully utilized."

Controlled economy will be continued by fund readjustments and controlling foreign exchange and commodity prices while a nationwide drive will be intensified to encourage economies in consumption and habits of thrift, Yuki said.

Turning to the question of Chinese currency, Yuki deprecated hasty and drastic measures, but said that the question "must be left to find its own solution."

Nation Backs Chiang; Japanese Rule Hankow with Heavy Hand

A direct reaction to the South China invasion and the occupation of Canton was seen on Nov. 2, with the indication by Katsuo Okazaki, Japanese Consul-General at Canton, that the city will soon open to Japanese trade, but foreign business will be excluded indefinitely. Okazaki said that the situation will be similar to the Japanese policy on the Yangtsze River, which has been closed for almost a year.

THIS week, war's carnage had slipped into the background as a small force of Japanese troops settled down to the occupation of Hankow, took over the ex-British Concession, gloomily eyed some one billion yen damage to Japanese property, showed marked indications of rabid englophobia, executed a handful a handful of Chinese stragglers and assaulted not so many women as was their score in Nanking.

Meanwhile, Chinese troops had withdrawn southwest and west, massed their strengte for the defense of Hunan; in Chungking co-seat of the National Government, after public opinion had recovered from the dismay occasioned by the loss of Canton and Hankow, reports revealed determination to fight to the bitter end; delegates met in a conference of the People's Political Council, passed a resolution affirming their faith in General Chiang Kai-shek and China's determination to stand by him.

Said General Chiang: "It is better to be a broken jade than a whole tile. Success will come in unflinching and fearless struggle."

In his message to the nation, Chiang stressed two main points:

The first was that China's main base for a war of resistance lay in her vast hinterland and not on her coast. The main reason for the defense of Wuhan, he asserted, was to retard the westward advance of the Japanese and in order to allow China to develop communication resources at her rear. The development of communications, he declared, was still in progress so that plans could be carried out for nationwide warfare rather than fighting for a particular point.

"The Wuhan cities," General Chiang said, "have fallen into the hands of the enemy, but what they have is only scorched earth and dead cities in exchange for five months of fighting and hundreds of thousands of casualties. Already the Japanese are deep in the mire, and from now on they will tread on thornier ground."

The General asked the people not to misinterpret withdrawals as retreats, because the key to defeats and victories, he said, lay in the preservation of strength for continued resistance to the end. As his second point General Chiang Kai-shek emphasized that prolonged nationwide resistance and taking the initiative were "essentials for crushing the enemy." Only through the greatest hardship and suffering, he said, could victory be won.

In Hankow, affairs did not move so smoothly after the Japanese assumed control of the former British Concession. Charges that the taking over of policing duties in the former British Concession at Hankow by the Japanese military police infringed the British rights in their former concession as outlined in the Chen-O'Malley Agreement of 1927, which returned the former concession to China, were made Oct. 29 by Mr. W. S. Dupree, Chinese-appointed British director of the former concession, and by British consular officials, Jack Belden, reported to the *Shanghai Evening Post*.

The Japanese military police took over the policing of the former concession Oct. 29 following a formal ceremony on the Bund in which the new Japanese police force, the British naval landing party, and a squad of 16 American sailors participated. The ceremony marked the replacement by Japanese of British sailors who have been assisting in policing the area since last Monday, with the aid of foreign volunteer police and Chinese police.

It was learned that the American consul-general, Mr. Paul R. Josselyn, did not know that the 16 American sailors were participating in the ceremony until he observed the affair from a window in the consulate.

Rear-Admiral David McD. Le Breton, commander of the Yangtsze Patrol, U.S. Asiatic Fleet, explained that American sailors participated in the ceremony because it signalized the formal assumption of policing functions in the former British Concession areas by the Japanese. American sailors had participated in policing the former Russian Concession for two days during the period of transition when the control of Hankow passed from the Chinese to the Japanese, he said, and they were withdrawn from the streets on Thursday following difficultics with Japanese officers, who demanded the right of entry into that area.

Japan And Her Generals

London Daily Worker

Under Protest

The transfer of police functions in the former British Concession to the Japanese was the result of an agreement reached Oct. 28 between Rear-Admiral R. V. Holt, commander of the British China Fleet Yangtsze Patrol, and Japanese military police, as well as with Japanese army officers.

Mr. Dupree, who was present at the discussions resulting in this agreement, said that his concurrence was "unofficial" and "under protest." No British diplomatic representative was present. The objections to exclusive Japanese policing of the former British Concession are based on the contention, under the Sino-British Chen-O'Malley agreement, that the police authority is vested in the former concession's municipal council, which at present consists of four Britons and three Chinese.

On Oct. 31, the heavy hand of the Japanes army was felt with new force as gates across streets in the Special Administrative Districts, ostensibly to protect refugees and control disorderly elements, were shut at 6 p.m. by Japanese armed guards. They were shut against foreigners and Chinese alike, blocking many from their homes, dinners and beds. Signs read that passage through the gates was not allowed between the hours from 6 p.m. to 6 a.m. The restrictions were applied with special force to the former British Concession where the British and American consulates are located.

British grumbled loudly, because it was through their military patrols that considerable Japanese property was asved from ruin. They had the blowing up by Chinese of several Japanese buildings. But what the Chinese had destroyed was a melacholy sight for the Nipponese.

Close investigations carried out jointly by the Japanese military authorities and the newly-arrived Consulate staff revealed that practically all Japan-owned properties and establishments were razed by the retreating Chinese.

All streets in the Japanese Concession were in a shambles. Chinese also dynamited most Japanese buildings including the Hankow Shrine, the headquarters of the Japanese Naval Landing Party, the official residence of the Japanese Consul-General, the Consulate-General, the Japanese Residents Corporation headquarters, the Japanese Primary School, the Japan Club, the Dojinkai Hospital, the Nishihongan Temple and numerous other institutions.

Fourth Stage

While General Shunroku Hata, commander-in-Chief of the Japanese Expeditionary Force in Central China, declared that when and if necessary, Japan's military operations would be extended "not only to Hengyang, in Hunan, but Chungking in Szechuen and Yunnanfu, in Yunnan as well," there was little evidence this week of the Japanese forces pressing on beyond Hankow.

However, the opinion in military circles is that Hunan will be the main stage for future Japanese and Chinese hostilities. The Japanese at present are seen commencing a drive aimed at entirely swallowing up the province from three routes: firstly, southward from Hankow; secondly, northward from Canton; thirdly, westward from Tehan and Nanchang.

In the meantime, Chinese military official are massing their forces and tightening preparations to defend Hunan, wherein lies the central section of the Canton-Hankow railway. The Chinese call the operations in defense of Hunan "the fourth stage of the war," succeeding the first stage which ended with the fall of Nanking, the second, which ended with the fall of Hsuchow, and the third, which ended with the fall of Hankow.

The early capture of Hunan and the important Chinese military city of Hengyang, approximately midway between Hankow and Canton, is the present goal of the Japanese. Chinese authorities, however, believe that this stage and succeeding ones will be more bitter than ever.

Original Leaves from Ancient Bibles Displayed

A remarkable exhibit of original leaves from famous Bibles of ancient times, dating back to 1121 A. D. has been arranged in the rooms of China Bible House of the American Bible Society and the British and Foreign Bible Society, Mission Building, 169 Yuen Ming Yuen Road. The exhibition is open to the public on Mondays and Fridays from 9 A.M. to 5 P.M., Saturdays from 9 A.M. to noon.

The exhibition represents the work of Italians, Germans, and Anglo-Americans and indicate changes which have taken place in writing and printing. The exhibition was collected and assembled by Otto F. Ege of the Cleveland School of Art and was brought to China by Dr. W. B. Pettus of the College of Chinese Studies at Peiping. The exhibition in Peiping attracted wide attention.

Japan's Economic Royalists

By Neil Skene Smith, in the **Economists,** *London Financial Weekly*

IN considering the leading figures in Japanese life, it should be remembered that often the men at the top, though important, are not the chief power in the group to which they belong, whether they are managing directors, generals or Cabinet Ministers. In the East, the real leaders stay behind the scenes, and can only be approached by indirect means.

From the Montreal Daily Star

It is estimated that in Japan, with its national income of some 13,000 million yen (U.S.$6,500,000,000 at par, or about U.S. $3,621,800,000 at the current rate of exchange), there are only a few hundred persons who pay taxes on incomes exceeding 100,000 yen a year. In addition, there are said to be some 10,000 smaller active investors and speculators in the main financial centers, particularly in Tokyo and Osaka. These few persons, together with certain officers in the fighting services and various Government officials, are the economic leaders of Japan. They compete or cooperate with one another in an electric atmosphere, supercharged with currents of intense group rivalry and semi-feudal loyalties.

For the last six years the fighting services have been calling the tune, and the capitalists have paid the piper to the extent of about a thousand million yen per annum. The services, like most Japanese institutions, are united against foreign interference and against any group at home which seems to hamper their progress. They are divided, however, into a number of complex and often traditional cliques, whose relative positions rise and fall with fluctuations in the national fortunes.

First, there are the Southwestern military families. These families, after two-and-a-half centuries of unwilling and only partial submission to the Tokugawa dictators, joined with other discontented groups of soldiers in restoring the political status of the Imperial family in the Restoration of 1868. They have naturally endeavored to retain their control over military and naval affairs.

Secondly, there are certain younger officers (particularly those from poverty-stricken northern districts), who in the depression of 1930-31 were dissatisfied with their own chances of promotion and with the living conditions in their villages. General Araki, the new Minister of Education, was for a time popular with this group.

Thirdly, across the sea, the Kwantung Army has been busily building up the Manchukuo State, often with scant attention to the immediate needs of the homeland. Their former Chief of Staff, Itagaki, is now War Minister.

Fourthly, there was, until recently, the Tientsin garrison, which desired the removal from power in North China of all anti-Japanese administrators.

A fifth influence is the garrison in Korea, whose former Governor-General, General Ugaki (who attempted unsuccessfully to form a Government in Tokyo last year), has now become Minister of Foreign Affairs. (Ugaki recently resigned his post.)

Last, but not least, is the Navy, which has its own internal factions, but which invariably strives to protect its interests and prestige against the Army.

Since the war an attempt has been made to coordinate these rival forces by setting up Imperial Headquarters, a supreme body in charge of all military and naval matters, which exercises a tremendous influence over the Cabinet.

Four-Family Control

Private business and industry, apart from agriculture, small-scale trading and domestic workshops, are largely in the hands of four powerful family groups. The Mitsui and Sumitomo groups date back for several centuries. The Mitsubishi and Yasuda groups came to the forefront soon after the middle of the last century. All four groups are now being confronted by the 'Shinko' (literally, 'New Rise') groups, which have developed during the past thirty years. Their combined financial power, however, is probably still less than that of the Mitsui family alone.

Of the Big Four Families Mitsui is still the most powerful. The Mitsui family is descended from a soldier who, a thousand years ago, restored for a time the secular power of the Imperial family. They entered business in the early seventeenth century and carried on sauce-brewing, pawnbroking and, later, cloth selling. After building up large connections as Government money-exchange agents and financiers, they became the leading financiers of Old Japan; and they played a large part in safeguarding government funds during the first years of Modern Japan. The rapid expansion of Japan's trade and territory carried them from strength to strength, the only in the last decade has their domination been checked.

The Sumitomo, next of the Big Four in seniority, were in charge of important metal mines in the Shogunate days, and had some control over the minting of coinage. They also were able quickly to adjust their mining and financial activities to the new state of affairs.

The Mitsubishi concern, which is controlled by the Iwasaki family, pioneered in ocean shipping during the first year after the Restoration. This business led them on to coal-mining, shipbuilding and heavy industry, and their influence grew rapidly during these years of industrial revolution.

Finally, Yasuda began his apprenticeship to a small money exchange dealer in Yedo (now Tokyo) ten years before the Restoration. By dint of careful speculation in currency during the eventful first years of the new Government, he acquired sufficient capital to enable him to play a large financial part in the wars with China and Russia. He was assassinated in 1921, at the age of eighty four, but his family remains in charge of all the interests he acquired.

Each of the Big Four is controlled through a family holding company, as show in the table below.

Holding Company	*Nature*	*Paid-Up Capital (in million yen)*
Mitsui Gomei Kaisha	Unlimited partnership	300
Mitsubishi Goshi	Limited partnership	120
Sumitomo Goshi	Limited partnership	150
Yasuda Hozensha	Special Trust Co.	300

The capital of these holding companies, in fact, gives little idea of their actual strength. They have large interests in almost all branches of Japanese economic development and are the greatest "wealth-cliques" in the country.

In banking, naturally, these concerns are all-powerful. At the end of 1936, they held about 40 per cent of the deposits of all the ordinary Japanese banks. Two other groups held 19 per cent. In life insurance, although they have not been engaged in the business for very many years, they held 20 per cent of the reserve funds of all Japanese companies. In marine, fire and accident insurance, their predominance is much greater, their holdings amounting to nearly three-quarters of the national total. Again, of the property held in trust by Japanese trust companies, firms managed by the Big Four were in charge of two-thirds of the total.

Three Firms Handle Cotton

Their commercial and industrial interests are no less important. In Japan's cotton textile industry, three firms handle, between them, from 70 to 80 per cent of imported raw cotton and some 40 per cent of total exports of manufactures. Both Mitsui and Mitsubishi handle raw silk through their two companies, Mitsui Bussan and Mitsubishi Shoji, which are the largest foreign trading institutions in the country. The chief shipping line, Nippon Yusen Kaisha and its subsidiaries, are closely connected with Mitsubishi, who were the founders of Japan's modern mercantile marine.

While Mitsui specialize in light industries, Mitsubishi and Sumitomo have concentrated rather on mining, engineering and the heavy industries. They have invested several hundred million yen in shipbuilding, aircraft manufacture, dock management, electrical equipment and armament manufacture, the chemical industry and mining production of all kinds. Mitsui, however, own a mining company with a capital of 100 million

yen and engage in the production of electrical switchboards, in the electro-chemical industry, and in numerous branches of engineering.

The interests of the great families in the armaments industries, as might be expected, is considerable. According to a recent calculation in the *Oriental Economist*, by Tokyo Keizai, Japan's armament concerns have a paid-up capital of 748 million yen ($373,000,000), 90 per cent of which is under the control of a dozen large and medium-sized family groups. The biggest nine of these own nearly 80 per cent of the total capital and three of them belong to members of the Big Four.

The list of industries controlled by these family concerns extends beyond textiles, engineering and armaments. The Oji Paper Trust—a huge concern which produces 750,000 tons of paper annually and controls the greater part of the entire Japanese output—is a "side company" of Mitsui. Japan has the largest output of plate glass of any country in the world, and her chief manufacturing company is Asahi Glass, 59 per cent of whose shares are owned by Mitsubishi. Japan's coal resources are somewhat limited, and much of the power used in her industry is derived from hydro-electric plants, in which the Big Four have large share-holding interests.

Altogether, recent estimate have suggested that sums equal to 60 per cent of the 21,000 million yen ($410,500,000,000) invested in all Japanese joint-stock companies are controlled by these concerns; and that Mitsui alone accounts for 5,000 million yen, or nearly 25 per cent of the total. These interests have, clearly, given a high rate of return recently, to judge by the figures given by the Mitsubishi Economic Research Bureau.

The capital of the Big Four's holding companies is owned by the chief members of the family, who are required to conform in each case to the Family Constitution. In the Mitsui group this constitution is about two centuries old. Actual day-to-day administration, however, is largely in the hands of one or more distinguished '*Banto*' (literally 'head watchmen') such as Nanjo of Mitsui, Ishikawa of Mitsubishi, Kozo Mori of Yasude and, until recently, Toyotaro Yuki of Sumitomo. Mr. Seihin Ikeda, the new Minister of the Departments of Finance and Commerce, was formerly the chief *Banto* of Mitsui.

These great businesses have a pyramidal structure, with a holding company at the top controlling the main operating companies and the 'side-line' concerns. Each of these two classes of company has numerous subsidiaries, which frequently, in turn, have smaller companies largely dependent upon them. In addition, the families enjoy extensive control of outside businesses to which their banking, insurance and trust organizations supply funds. Yasuda, in fact, has few direct manufacturing activities. Like the industrial banks of pre-War Germany, it exercise control chiefly through its lending power.

Social Consequences

Before the last depression set in, all the family concerns were busy expanding studing conditions abroad and modernizing their constitutions so far as the traditional framework allowed. Although they had set their faces against trade unionism, their more enlightened leaders were conscious that they must pay increasing attention to the social consequences of their policy. Simultaneously, the younger members of the Big Four staffs became very dissatisfied with their chances of promotion. Accordingly, Mitsui, under the direction of Mr. Ikeda, took the lead in introducing a policy of 'slewing-round'—to use the Japanese journalistic term. This policy involved the largescale donation of funds to national social organizations and reduced the tendency of big business to monopolize all branches of trade. The big concerns sold a considerable portion of their shares to the general public and made arangements for the automatic retirement of senior staff members, including directors, between the ages of fifty and sixty.

Although this reorientation of poliy did not increase the popularity of the big concerns, it showed the military that their criticisms were not without effect. Meanwhile, after the absorption of Government armament bonds by the Japanese market had proceeded satisfactorily for some years, there were signs, in 1936, of hesitation, both among the large capitalists and in the Cabinet, to support continued budget deficits. The revolt of Feuarbry, 1936, however, convinced them of the necessity of accepting their position with a good grace; and they were prepared to intensify their efforts when the war with China started.

Today they are becoming increasing aware of two factors; first, the vast potentialities which are being opened up in China for the production of coal, iron, steel, raw cotton and electric power; and, secondly, their own need for foreign capital.

Other long-established family groups beside the Big Four, have played an important part in the rise of modern Japan. The relations of these smaller concerns to the Big Four have, on occasions, been close. Several of their managing families are connected by marriage with the main families of the Big Four, to whose subsidiary companies they frequently subscribe. On the other hand, the Big Four often take up their debentures.

No picture of industrial Japan today would be complete without some mention of the newer 'Shinko' groups ,whose influence has grown rapidly in the last five years. The most striking of these groups is led by Yoshisuke Aikawa, a trained engineer of fifty-seven years. After gaining experience in America, Aikawa in 1910 founded the Tobata Casting Works, with capital borrowed from his relations. In 1928 he bought up, at ridiculously low prices, shares in the Kuhara Mining Company, part of which he sold to the public after the armament boom of 1931, at eight or nine times their earlier quotations. The mining firm was then separated from the main company, which became an open holding company, Nissan (or Japan Production).

Aikawa, Industrial Baron

On the eve of the present Chinese war, Yoshisuke Aikawa controlled companies with a capital of 500 million yen and with 95,000 employees, in the mining, engineering, electric power, chemical, trawling and fishing, phonograph, wireless and match industries. He has also taken the lead in motor-car production in Japan. His policy of offering shares to the public, his successful handling of relations with foreign companies and his willingness to take considerable business risks have combined to render him *persona grata* in military circles. The establishment of the army-controlled Manchukuo Government brought the meteoric Aikawa to the forefront. The South Manchuria Railway, which controls nearly all the railways in Manchuria, North China and part of Korea, has, in addition to its purely transport activities, developed most of Manchuria's coal, iron and gold mining; also gas, electricity, water supplies, docks, engineering works, modern hotels and newspapers. The authorities, impatient with the monopoly and anxious for the rapid economic expansion of the new State, entrusted the development of mining, iron and steel production and engineering in Manchuria, together with many other industrial interests of the S.M.R., to Aikawa, retaining, however, half of the shares in the enterprise. Mr. Aikawa, in short, has spread his net widely over both war-time and peace-time industries, and his family is connected, by marriage, with the Mitsubishi leaders and with several other big concerns.

These new concerns do not approach the older families in capital power. They were of prime importance, however, in shaping the modern development of Japan, since they have applied Western methods to Japanese industry. For example, they are already taking a leading part in the manufacture of ammonium sulphate, where three Shinko concerns are among the 'Big Six' which together own nine-tenths of Japan's productive capacity. The business of the newer concerns has been built up with noteworthy skill and dispatch; so much so, that Japan is now largely self-sufficient in chemicals and electrical apparatus and will shortly turn her energies to the production of high-quality machines.

Reinhardt in New Masses

This cartoon emphasized the importance of Japan's sales of raw silk in the financing of her campaign of aggression in China. It appeared in connection with an article urging a boycott of Japanese silk.

In general, the new concerns, like the old, follow the family system. They are, however, far more than the older groups, the product of a small number of enterprising individuals; and although their interests are widespread, they are, on the whole, rather more specialized. Perhaps their most significant feature is the part that armament expenditure has played in their recent development. Their prosperity, however, will depend ultimately upon their ability to turn their activities to peaceful ends. For this reason, they are particularly interested in the course of events in China, where, for centuries, public works, transport and, until recently, Western scientific methods have been neglected. Their cooperation in the war can be looked for as a matter of course.

Japanese plans for the economic exploitation of Chinese territories have found

expression in the formation of three semi-Government companies. These are :—

1. The new China Federal Reserve Bank. Half of the bank's capital of 50 million yen is being provided by the Yokohama Specie Bank, the Industrial Bank of Japan and the Bank of Chosen (Korea) on behalf of the Provisional Peiping Administration. The other half is being provided by various Chinese banks.

2. The North China Development Company, with a capital of 350 million yen, half of which will be contributed by the Japanese Government (partly in kind).

3. The Central China Development Company, with a capital of 100 million yen, some 50 million of which will be provided by the Japanese Government.

Both development companies may issue debentures to an amount equal to five times their paid-up capital. Their enterprises will engage in transport, communications, and then production of electric power, minerals, marine products, salt and other commodities.

Japanese economic leaders are now at the crossroads of nationalism and internationalism. They have steadily being building up the self-sufficiency of the Japanese Empire under tariff protection. They remain dependent, however, upon foreign countries, for imports of raw materials and the latest machinery, and if they are to bring about a rapid reconstruction in China, they will require foreign capital.

Meanwhile, Japan's economic development is still largely controlled by the Big Four, who play a leading part even in the semi-Governmental concerns. Their reputation among the people has improved with the realization that their activities are indispensable if the war is to be brought to a successful conclusion. The new concerns have supplemented rather than replaced the dynastic financial structures of the past.

All groups, including the military, the Government, the capitalists and the small traders and farmers, are at present working in harmony, but on any sign of collapse old jealousies would probably break out again. The greatest risk, from the point of view of Japan's economy, would be a war which dragged on indefinitely and offered little opportunity for investment yielding a positive return. A peace which hampered Japan's newly expanded industries would be disastrous to them; a victory would show whether those industries could be as effective in building up Chinese life as in destroying it.

Subsidiary Coins

A total of 5,000,000 pieces of the copper coins of one cent has been sent here from Hongkong in the past few weeks, according to local financial circles. These large sums of copper coins are being circulated in the local market by the three government banks—the Central Bank of China, the Bank of China and the Bank of Communications.

Sino-American Loan

In addition to the Sino-American loan of U. S. $30,000,000, another loan will soon be concluded by the Chinese Economic Mission headed by Mr. K. P. Chen and the American Department of Treasury, according to special telegrams received by local financial circles from New York, the *Sbun Pao* reported.

No mention was made regarding the amount of this loan, but it was definitely stated that the loan will be used for commercial and industrial construction in the interior. The Sino-American cotton and wheat loan, which has been discussed for some time, will also be concluded in the near future.

The War on Business

(Continued from page 316)

as was pointed out in the foregoing, the downward revision of the Chinese tariff rates would benefit Western interests rather than Japanese traders.

Of the total volume of the Sino-Japanese trade, North China had taken care of 40%, Central China 55%, and South China 5% until 1936. In the first half of last year North China's share advanced slightly to 44%, and Central China's dropped to 50% In the second half of the same year, the former made another jump to 59% as against a decline to 35% for Central China. This trend became all the more accentuated in the first half of the current year, with more than 70% of the total being consigned to North China and only 28% to Central China.

Current developments has greatly enchanced the gloom descending over foreign enterprise in China. The fall of both Canton and Hankow has struck a blow at foreign business, particularly British; at the same time, the situation is neither reassuring to Chinese or Americans.

An immediate and far-reaching standstill in most business activities of the British Colony as a first consequence of the Japanese invasion of South China has been reported. There are no longer any prospects that the Chinese will continue to build up in Hongkong and Kowloon new industries producing goods for consumption in South China.

Chinese and other capital accumulated in Hongkong since the outbreak of the present war appears to have suddenly become extremely nervous. Very considerable conversions of Hongkong currency into U. S. dollars are said to have been effected in the Colony, and the rate of the Hongkong dollar has visibly weakened, though not yet to any great extent.

Hongkong, having been deprived of free commercial intercourse with the interior of still independent China, has lost its role as the most important transit point for the foreign trade of that part of China. If the Chinese succeed in transferring this trade to their land borders, Hanoi and Haiphong will possibly take Hongkong's place.

The Future

Interests at Hankow are huge and as far as fixed investments are concerned, much more important than those in Canton. The value of British investments alone in Hankow has been reliably estimated at no less than £50,000,000—one third of the British interests in Shanghai.

There are in Hankow the Hongkong and Shanghai Banking Corporation and the Chartered Bank of India, Australia and China. There are the particularly important interests of Butterfield and Swire, and of Jardine, Matheson and Company. The former own several city blocks in the center of Hankow, and the latter a long tract of river frontage. There are moreover, the industrial installations of the British-American Tobacco Company, of the Asiatic Petroleum Company, as well as a power plant, a wood-oil factory, tea factories, press packing plants, and others—all in British hands. There is much real estate British-owned by individuals.

The bulk of the British economic and financial interests in Hankow is concentrated in the so-called Third Special Administrative District which up to 1927 was the British Concession. The Chinese have always acknowledged that the British enjoy despite the abolishment of their concession certain special rights in that district.

But, in both Canton and Hankow, these interests will quickly diminish. Japan, as swift as she wiped out foreign enterprise in Manchuria and North China, will sweep Americans, British and French from Central and South China.

U. S. Marine Force May be Reduced

The First Battalion of the East Surrey Regiment which was to have replaced the Durham Light Infantry here, will not come to Shanghai as scheduled, the *China Press* reported this week.

This announcement came close on the heels of the Oct. 25 meeting on board the U.S.S. Augusta between Admiral Harry E. Yarnell, commander-in-chief of the foreign forces in Shanghai, Major-General A. P. D. Telfer-Smollet, O.C. the British forces, Mr. Cornell S. Franklin, S.M.C. chairman, and Brigadier-General E. B. Macnaghten and Mr. Stirling Fessenden, vice-chairman and secretary-general of the S.M.C. respectively.

Although the results of this meeting were not released for publication, *The China Press* learned at the time that the question of the defense of the Settlement was being considered. It was felt that the situation here did not warrant the stengthening of the garrison at present.

It was also learned that reports of the possible reduction in the strength of the Fourth U.S. Marines here are more than mere rumors. It is known now that such a reduction is being considered, although no decision has been reached, either locally or in the United States. It is reported that the local American community is opposed to the idea.

Cotton from Hanoi, Say Japanese

The Chinese Nationalist government is planning to import considerable quantities of cotton cloths from French Indo-China over the Haiphong-Kunming Railway, Tokyo reports said this week. During recent months, the reports said, the Kuomintang government had secretly dispatched a number of officials to Shanghai and Hongkong in an attempt to purchase and ship cotton goods into the interior. These efforts, the reports said, were thwarted by the lack of transportation facilities.

The Nationalist government, the dispatches added, have decided at last to rely upon Hanoi for a supply of cotton goods. The lack of cotton is being felt acutely by the Chinese and with the approach of winter, it was deemed imperative that some source be found where cotton fabrics were available, the reports said.

Huge Plane Factory for Yunnanfu

A sensation was caused in Tokyo Nov. 1 by the disclosure that a military plane factory is being planned at Yunnanfu, capital of Yunnan Province, at a cost of $30,000,000. According to a message from the Hongkong correspondent of the *Nichi-Nichi Shim'un*, the projected factory will be a Franco-American-Chinese concern, with $3,000,000 of its capital to be subscribed by America, Fr.50,000,000 by France, and $15,000,000, by China. American experts will design the projected factory, while France will supply the raw materials and machinery and China, the labor. Only military planes will be produced by the projected factory, according to the message

Hongkew Curfew

Beginning November 1, the areas to the north of Soochow creek including Hongkew, Yangtszepoo and Chapei were opened to Chinese from 5 a.m. till 11 p.m. Shanghai Time.

Outstanding Events in the Sino-Japanese War

A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of The Review.

Oct. 15.—Waichow, important Chinese stronghold located some 30 miles inland from Bias Bay, reported captured by Japanese troops. Fierce fighting proceeded fall of city; casualties on both sides believed heavy. Chinese Air Force raided Japanese troop concentrations; Hachung, first point of Japanese landing, in flames—after raid. Situation at Canton remained unchanged, though refugees continued to evacuate city.

Waichow subjected to severe bombing by Japanese airplanes from last night until dawn today, according to official communique issued at Hankow.

200,000 Kwangsi troops reported marching to the front. Gen. Chang Fah-kwei, the "Ironside" Commander, said returning to Kwangtung to direct operations.

Food prices in Hongkong soar 100 per cent within single day.

Oct. 15.—Japanese troops landed on north bank of Yangtsze, above Kichun; heavy fighting at present going on at Maoshanpu, with Japanese aircraft bombing Chinese positions. On south bank, Japanese troops converging on Yanghsin, strategic city on highway to Tayeh.

Fall of Sinyang on Peiping-Hankow Railway on Oct. 12 admitted in Hankow; Severe fighting going on in mountains northwest and southwest of Sinyang.

Oct. 15.—Dr. Joao Maria da Silva de Labre E. Lima, new Portuguese Minister, presented (Oct. 14) credentials to Chairman Lin Sen of National Government at Chungking.

* *

Oct. 16.—Japanese troops attempt to land in Poan district, near Namtau, in Pearl River delta and on west side of Kowloon peninnsula; severance of Canton-Kowloon Railway believed imminent.

Telephone communication between Canton and Hongkong completely interrupted.

Four Japanese columns, marching northward from Waichow, rapidly pushing towards Poklo, fall of which imminent. One column said to be crossing East River and advancing on Sheklung on Canton - Kowloon Railway, about 35 miles east of Canton. The nearest concentration of Chinese troops is stated to be at Tsengcheng, 45 miles from Canton, where strong Chinese resistance expected. Reports from Hongkong stated that so far very little opposition was offered the invaders, who blasted out the defenders from the air long before their infantry arrived. Japanese air force playing important role in assisting advance of land units. Large fleets of bombers subject Chinese strongholds to the fiercest raids ever experienced in South China.

Martial law declared in Canton since yesterday. All highway and river communications between Canton and Waichow cut off, due to Japanese air bombardment.

Oct. 16.—Japanese troops on south bank of Yangtsze, under cover of severe artillery bombardment, penetrated Chinese line in vicinity of Yangwushan. Major Tan Tsan-hua and his entire battalion were wiped out in defense of Kichun on Oct. 10.

Japanese planes visited Hankow but did not drop bombs. Heavy fighting in progress south of Shangchen, in southern Honan.

Oct. 16.—Shanghai Japanese inaugurate Fu Siao-en, 67-year-old Ningpo merchant and ex-politician, as "Mayor" of Shanghai Municipality. Fu succeeds the Formosan "Ta Tao Mayor" Soo Hsi-wen. Japanese happy over choice of Fu as new puppet head of Shanghai. Inauguration rites witnessed exclusively by the Japanese, although Fu previously invited many of his foreign and Chinese friends to the affair.

Oct. 16.—Japanese invasion of South China is desperate measure undertaken in order to break blockade of their advance in Yangtsze Valley, says message of Central Executive Committee of Kuomintang to Kwangtung people.

* *

Oct. 17.—Chinese forces said massed in hills west of Poklo for major battle against the Japanese now pushing westward towards Canton, declared Chinese spokesman at Hankow.

Japanese reports claimed that Japanese troops had cut Canton-Kowloon Railway at many points and were advancing towards Sheklung.

Reuters learned that unprecedented success of Japanese invasion of Kwangtung was mainly due to the swiftness and surprise with which attack was launched. Another important factor was recent withdrawal of important Cantonese units to Hankow front.

Tentative landing by the Japanese at Poan said to have been abandoned, according to **Reuter** report.

More than 500,000 civilians have evacuated Canton for the interior.

Gen. Li Tsung-jen, well-known Kwangsi military leader, now directing operations on north bank of Yangtsze, expressed deepest concern over South China developments. British aid urged.

Oct. 17.—Two thousand Chinese troops in southern Hopei mutinied against their Japanese command on night of Oct. 14 and occupied Hsingtai, north of Hantan, on Peiping-Hankow Railway, according to reports received at Hankow.

Oct. 17.—Chinese forces take up new line east of Tehan, following fall of Camel Hill, west of Yaikou. The Japanese vigorously nushing eastward towards Tehan, on Kiukiang-Nanchang Railway.

Japanese warships on Yangtsze now about 72 miles from Hankow, according to Chinese army spokesman.

The **Ta Kung Pao** issues parting message today on removal of its plant to Chungking to resume publication in new capital.

Oct. 17.—Diplomatic representatives of third Powers requested by Masayuki Tani, Japanese Minister-at-Large at Shanghai, to take steps to warn their nationals to avoid zones of hostilities in South China and to mark foreign property so that it can be distinguished from the air.

Oct. 17.—Yu Ta-hsiung, influential official of Nanking "Reformed Government," ex-publisher and editor of the "mosquito" paper, **Crystal**, murdered at his room in New Asia Hotel in Hongkew. As was in the case of Tang Shao-yi, Yu was hatched to death by axe. Another puppet official, Shao Shih-chun, director of "Consolidated Tax Bureau," narrowly missed death on Nanking Road when he was fired upon by unknown gunmen. His bullet-proof car saved his life. No arrests were made in both cases.

* *

Oct. 18.—Vanguards of Japanese forces advancing on Canton reported driven back towards Poklo, following counter-offensive by Chinese forces operating from Tsengcheng. The Japanese said awaiting arrival of reinforcements before continuing advance.

Sheklung heavily bombed by Japanese aircraft; over 200 bombs dropped, causing some 2,000 casualties. Wu Teh-chen, Chairman of Kwangtung, telephoned Gen. Chiang Kai-shek at Hankow, reporting Japanese advance on Canton checked west of Poklo. The Chinese said caught unprepared when the Japanese landed large force at Bias Bay.

Early fall of Canton freely predicted by observers in Hongkong, as result of rapid advance of the Japanese and lack of resistance by the Chinese. Canton likely to be captured before Hankow.

The Japanese claim to have pierced Chinese lines north of East River and are pushing towards Tsengcheng, 45 miles east of Canton.

Chinese banks in Canton, both Government and private, are closing up and removing to the interior.

Report that Canton authorities have requested Consular Body to arrange with the Japanese for creation of refugee zone denied.

A million people have evacuated Canton; some 400,000 still remain, according to reports. Southern section of Canton-Kowloon Railway between Sheklung and Sino-British border claimed under Japanese control.

Oct. 18.—Japanese forces on Peiping-Hankow Railway north of Sinyang pushing westwards into west Honan. Heavy fighting in hills west of Railway as Chinese offer strong resistance. Severe fighting also raging on southern bank of Yangtsze in vicinity of Shihwaiyao; Chinese shore bat-

teries prevent Japanese warships from steaming upriver. Japanese claim capture of Tehan and Yangsin, two strategic points on southern bank of Yangtsze in zone of Kiukiang-Nanchang Railway.

Oct. 18.—Gen. Chiang Kai-shek appeals to overseas Chinese for further contributions towards the Government to augment the country's power of resistance.

Oct. 18.—Marquis Francesco Maria Taliani de Marchio, new Italian Ambassador to China, arrived at Shanghai.

Oct. 18.—Fifty-six thousand bushels of crushed wheat, contribution to refugee relief in China made by American Red Cross, due to arrive at Shanghai Dec. 18.

Oct. 18.—Shanghai Post Office announces daily air mail service between Shanghai and Japan inaugurated.

*
**

Oct. 19.—With the Japanese rapidly advancing towards Canton and with Sheklung, only 35 miles away, in their hands, the Chinese claimed to be preparing to make definite stand within 15-mile radius of Canton. Some 100,000 Chinese troops reported massed in area around Canton-Kowloon Railway, ready to give battle.
Capture of Sheklung by the Japanese confirmed in Canton, but fall of Tsengcheng claimed by the Japanese denied.
Entire stretch of Canton-Kowloon Railway between Cheungmuktau and Sheklung now in Japanese hands.
Hongkong's newspapers violently denouncing "Canton's supreme commander," Gen. Yu Han-mou, demanding his resignation.
Reported Gens. Li Tsung-jen and Pai Chung-hsi may shortly assume command of Chinese forces in South China.
Japanese airplanes drop pamphlets, addressed to Gen. Wu Teh-chen and Yu Han-mou and Canton Mayor Tseng Yang-fu, advising them "to surrender on pain of extermination."

Oct. 19.—Eugene Chen made vitriolic attack on Gen. Chiang Kai-shek for his "wrong decision" in not defending Canton and refuted as untrue suggestions that Kwangtung provincial troops were responsible for failure to stem Japanese invasion of South China. The attack on the Generalissimo was contained in letter addressed to several Cantonese leaders in the Government, including Sun Fo and Tsou Lu. Chen demanded that effcorts be exerted to move Gen. Chiang to dispatch the necessary reinforcements to save Kwangtung from becoming another Japanese occupied area.

Oct. 19.—Fall of Yanghsin, important city in zone of Kiukiang-Nanchang Railway, on Oct. 18 admitted in Hankow. Chinese lines at Tehan, however, remain intact, despite Japanese claims to contrary.

Oct. 19.—International conference, representative of all Powers and interests, should be called to settle outstanding problems between the Japanese, the Shanghai Municipal Council and the Consular Body, urged C. Agaki, Special Japanese Deputy Police Commissioner of S.M.C. in interview with **The China Press**. Appointment of Agaki to his present post was one of first concessions made by municipal council of International Settlement in reply to demands presented by Japanese authorities sometime ago.

Oct. 19.—Shanghai's foreign trade shows increase compared with August's returns. Imports valued at $25,758,350; exports totaled $27,620,756.

Oct. 19.—Freda Utley, noted English journalist refused permission to land at Kobe, Japan, when she arrived there from Shanghai. Anti-Japanese writings given as excuse for refusal. Miss Utley, who is authoress of "Japan's Feet of Clay" and "Japan's Gamble in China," spent several months in China, mostly at Hankow, to study China war situation.

Oct. 19.—Chinese press in Shanghai unanimously condemns Fu Siao-en for accepting puppet mayoralty of Shanghai under the Japanese. Ningpo Guild petitions Government to confiscate Fu's property at Ningpo.

Oct. 19.—Peiping's populaton put at 1,569,057 at end of Sept. consisting of 946,746 men and 622,311 women. Puppet Peiping regime plans construction of highway between Peiping and Tangku to be completed within four years at the cost of $35,000,000.

Oct. 19.—Father Jacquinot, well-known French Catholic relief worker, arrives at Chungking from Hankow. Establishment of Refugee Zone in Hankow planned.
Evacuation of Chinese from Hankow continues.

Oct. 19.—Party of 13 foreign correspondents from Tokyo organized by the Japanese to tour China war zones arrived at Kiukiang.

Oct. 19.—At least million people are destitute in East Honan as result of recent Yellow River flood, the war and its ravages, according to report received in Shanghai from Kaifeng International Relief Committee.

Oct. 19.—Treaty establishing consular and economic relations between Poland and "Manchukuo" signed at Tokyo.

*
**

Oct. 20.—Chinese circles in Canton officially deny capture of Sheklung by the Japanese. Troops from Canton continue to be dispatched to Tsengcheng, where decisive battle with the Japanese expected. Canton prepares for street fighting, as trenches being dug and pill-boxes erected.
Only about 100,000 of Canton's population remain.
Gen. Wu Teh-chen, Chairman of Kwangtung, declared that Japanese invasion of south China could not but have results favorable to China for the course of whole Sino-Japanese conflict. He stated that Gen. Yu Han-mou was still in command of Chinese troops in Kwangtung. Hongkong reports state that Japanese forces in their drive on Canton penetrated to a point several kilometers west of Tsengcheng, on Poklo-Canton Railway. Tsengcheng claimed to have been occupied.
Nakamura, Japanese Consul-General at Hongkong, denied Chinese report that Gen. Honjo or Gen. Matsui was in command of Japanese forces operating in South China.
Japanese forces were only 32 kilometers from Canton after capturing Chengkangshu in their rapid advance westward, according to **Domei** report.
Japanese flying column that captured Tsengcheng yesterday (Oct. 19) now only 32 kilometers east of Canton.

Oct. 20.—Fighting in South Honan again shifted to Shawo, in southeastern corner of the province near Hupeh border. Two towns to the east of Shawo reported fallen to Japanese hands. Japanese lose 500 men in battle near Sinyang on Peiping-Hankow Railway.

Oct. 20.—Situation on south Yangtsze front unchanged. Japanese troops pushing along Tehan-Singtze highway claimed repulsed. Capture of Yangsin by the Japanese admitted in Hankow.
Fall of Hwangshikang forts which protected the boom located 75 miles below Hankow also admitted.
Japanese planes bomb Changsha thrice today, causing many casualties and several large fires. Loyang in Honan also raided, resulting in killing of civilians and demolishing many houses.
Japanese naval forces are only a few miles from Ocheng, 25 kilometers upstream from Hwangshikang, according to communique issued by Japanese Naval Headquarters.
French Concession Garrison in Hankow stages maneuvers, indicating intention of French authorities to guard Concession.

Oct. 20.—Henry Morgenthau, Jr. U. S. Secretary of Treasury, declared that monetary negotiations between the Treasury Department and Chinese Financial Mission headed by K. P. Chen were making progress. However, he declined to reveal the exact nature of the talks. Believed in Washington that the Treasury Department intends to continue the negotiations regardless of outcome of Japanese drive on Canton.

Oct. 20.—Gen. Chen Teh, Commander of 8th Route Army (formerly Communist), reported arrived at Hankow from Shensi to confer with General Chiang Kai-shek.

Oct. 20.—Yu Ya-ching, well-known Shanghai merchant, elected chairman of Control Board of newly formed Shanghai Refugee Relief Association.

Oct. 20.—Father Jacquinot, French Catholic leader and relief worker, succeeds in efforts to establish refugee zone in Hankow. Both Chinese Government and Japanese military authorities approve scheme. The zone will include sections of the French, Japanese and the former German, British and Russian concessions.

Oct. 20.—Ivan Louganetz-Orelsky, Soviet Ambassador to China, arrived at Chungking from Hankow.

*
**

Oct. 21.—Pressing forward with lighting rapidity, Japanese forces entered Canton this afternoon, headed by their mechanized units. The advance guards entered city at 2.30 p.m. and eastern sections were occupied at 4.40 p.m. All high officials left Canton early in the afternoon; factories and public utilities were being blown up. Dynamiting of the $8,000,000 Pearl River Bridge this morning was first indication that the situation had grown worse overnight.

(Continued on page 336)

The

CENTRAL BANK OF CHINA

A BANKERS' BANK

SHANGHAI OFFICE:

15 The Bund, Shanghai

Telephone 12570 Cables: "Governbank"

BRANCHES:

NANKING	*Chubsien*	Swatow	NANCHANG	Lanchow
Hsuchow	AMOY	TIENTSIN	*Chi-en*	Kweiyang
Panpu	Foochow	Peiping	*Fuchow*	CHUNGKING
Sinpu	*Chuenchow*	*Shihkaichuan*	Kiukiang	Chengtu
Chinkiang	*Yenping*	Tsingtao	Chengchow	*Wanhsien*
Yangchow	*Kien-ou*	Tsinan	Kaifeng	*Santai*
Hsiakwan	*Pucheng*	Pengpu	*Loyang*	HANKOW
HANGCHOW	*Santu*	Wuhu	Sian	*Wuchang*
Ningpo	CANTON	Anking	*Nancheng*	Changsha

FOREIGN CORRESPONDENTS:

NEW YORK, LONDON, BERLIN, PARIS, GENEVA, OSAKA, AND HONGKONG

New Relief Body Assumes Duties

CLOSING its direct relief activities here, the liaison and coordinating committee and board of visitors of the Shanghai International Red Cross which met in a combined meeting at the Park Hotel, Oct. 28, handed over its job on Oct. 31 to the newly-formed Shanghai Refugee Relief Association.

Attended by some 40 members and guests, the meeting was presided over by Mr. N. B. Doodha, who was recently appointed Honorray Director of the Control Board of the S.R.R.A. Mr. K. Z. Lee was secretary. Mr. A. E. Small, Acting Director of the S.I.R.C., summarizing the activities of the Shanghai International Red Cross Committee in the past year, remarked that the members of the society enjoyed their work. He hoped, he said, that the new relief body, of which Mr. Yu Ya-ching is chairman, would do better work in rehabilitating refugees and providing them with suitable work.

Mr. L. T. Yuan, secretary-general of the new relief body, then outlined the program of the new association. He remarked that the formation of the Shanghai of Refugee Relief Association was the result of efforts made by Mr. Yu Ya-ching. It was during Mr. Yu's visit to Hongkong, he stated, that he met Mr. Hsu Shih-ying, chairman of the National Refugee Relief Commission who instructed the former to organize a society for the general welfare of refugees. The result was the formation of the Shanghai Refugee Relief Association.

It was revealed through Mr. Yuan that the S.R.R.A. was roganizing a fifth committee for the collection of funds, which are badly needed for direct relief work here.

Speaking on the "Hangchow Refugee Question," Dr. R. J. McMullen, Chairman of the United Charity Committee of Hangchow, recalled his experiences in Hangchow between Christmas, 1937 and July, 1938, during which time he took care of about 40,000 refugees.

Dr. McMullen was responsible for the refugee emergency work late last year when the Japanese troops entered Hangchow. He declared that within the seven-month period, only three women refugees belonging to his camps were taken away by the Japanese.

Speaking from his previous experiences, he opined that refugees must be kept on" the move." Whenever conditions permit, he stated, refugees must be encouraged or even persuaded to return to their own homes.

Mr. D. K. F. Yapp reported that during the current month 537 refugees here secured employment in the recently-established cotton mills. More apprentices were needed by some cotton mills, he added.

Miss Elsie M. Parr, well-known mission worker, was of the opinion that one of the essentials for refugee rehabilitation work now was the establishment of camps for widows. Many widows would have been abie to perform some kind of duties outside had they not been tied to their little children. She stated that a widow might have as many as four or five children with her, which makes her helpless.

Children refugees are also a problem to the relief workers now. Mrs. I. B. Lewis Main of the Education Committee of the S.I.R.C. said that something should be done with these helpless youngsters who may be found about the streets.

Other relief workers who spoke at the meeting included Mrs. R. F. Fitch, Mr. H. C. Chen, Mr. L. J. Self and Brig. B. Morris. Moving pictures depicting the life and education of refugees in Shanghai were shown to the audience.

War Relief in Hunan

The Wuhan Branch of the War-Time Relf Commission has been removed to. Changsha, provincial capital of Hunan The Branch is cooperating with the Hunan Provincial authorities in transferring the war refugees, hwo have come here from the Wuhan area, to western Hunan and neighbouring provinces.

Czechs Send Aid

Notwithstanding the threatening war clouds hovering over their own horizon, a group of Czechoslovak friends of China in Praha (Prague) have formed a society called "The Aid of the Civilian Victims of the war in the Far East," and the first thing they did was to send a shipment of much-needed medical supplies to China. The consignment reached Hankow in September Contributed by the Czechoslovak people and presented to the Chinese Red Cross Society through the Praha organization, the articles of medical aid comprised ether, chloroform, serums, vaccines, chirurgical equipment, chemicals, catgut, ligatures and other pharmaceutical products. They were valued at 50,000 Czechoslov crowns or U.S.$1,750.

The first shipment, consisting of 26 cases was made up of goods which represent the highest quality of the products of Czechoslovak industry and the greatest care was given to the packing of the medical supplies.

Dollar Line Gets New Name

"American President Line" is the new name given to the Dollar Steamship Lines as reorganized by the United States Maritime Commission, Shanghai learned Nov. 1.

A new operating schedule, providing for weekly sailings from Los Angeles and San Francisco for the Orient, via Honolulu, and for fortnightly arrivals on the Pacific Coast from the Orient and fortnightly arrivals on the Atlantic coast from Marseilles, was inaugurated Oct. 31 with the departure of the s.s. President Adams from Boston for New York. This vessel will depart from New York on November 5 for the Orient via Havana, the Panama Canal, Los Angeles and San Francisco. The first sailing from San Francisco will be the s.s. President Monroe which is scheduled to depart on the initial trans-Pacific crossing flying the new house flag on Nov. 5.

Shanghai has been omitted as a port of call under the new service. It was explained that the limited number of ships now available for service precluded the adding of another port to the present schedule. In this respect, it was announced, the loss of the s.s. President Hoover is keenly felt.

The importance of Shanghai as a port of call, according to President Joseph C. Sheehan of the reorganized company, is fully recognized and the company will do everything in its power to add Shanghai to the company's ports of call at the earliest possible moment. Yokohama has been added as a port of call to the itinerary of the Round-the-World steamers which previously called only at Kobe. This assures a weekly arrival of one of the company's vessels in the major Japanese port.

Reconditioning and redecorating is now underway on all the "President" liners with a view to making them conform to the most exacting demands of modern travel, it was announced. The refrigerated cargo hatches on the liners are now being modernized and the latest type of air-conditioning apparatus installed, it was officially stated. These holds will be of particular value to shippers nad importers of fresh fruits, vegetables and other perishables.

The heavy monetary loss sustained by the steamship company in bringing the s.s. President Coolidge to Shanghai on October 23, local shipping men declared, probably was not the deciding factor in the decision to omit Shanghai tentatively from the new schedule.

The disappointing number of bookings of both cargo and passengers on the s.s. President Coolidge, exclusive of the controversial silver shipment, may have had some bearing, one shipping observer declared. Approximately U.S.$8,000 it is estimated, was lost by the steamship company in the call of the s.s. President Coolidge here. The revenue from the silver shipment, had it been effected, would have been slightly over U.S.$20,000 amply covering the cost of the single extra-schedule call.

The Last Dollar

Robert Stanley Dollar, last surviving son of the famed shipping maanate bearing the same name, on Oct. 27 severed his final connections with the Dollar Steamship Lines. He turned over the presidency of the line to Mr. Joseph R. Sheehan. The vice-Presidents, Mr. Hugo Lorber, and Mr. Charles King also submitted their resignations. The new board will consist of Mr. Sheehan, Mr. Arthur Poole, Mr. Hugh Jackson, Mr. Grant Wren and Mr. Paul Hoover.

Japanese Expansion

The Department of Commerce at Washington, in a special study released Oct. 29, declared that world-wide regulation of ocean shipping to eliminate wasteful competition, plus an adjustment of facilities to properly handle available cargo is needed to improve present unsatisfactory maritime conditions. The report said that Japan has trebled her merchant marine tonnage since the World War, the United States has doubled its tonnage, while only Germany and Great Britain have lost ground.

Shansi Objectives

Japanese are planning to renew their drive in Shansi and Suiyuan with a view to cutting the communications between China and Soviet Russia, according to intelligence reports received at Chungking. Japanese are transferring troops from Manchuria to Peiping and Tientsin, in order to launch another offensive in Shansi and Suiyuan. Their objective is to cut off Soviet military supplies for China, which are transported by highway from Soviet Russia via Sinkiang to Lanchow and Sian, respectively provincial capitals of Kansu and Shensi.

Precautionary measures have already been taken by the Chinese authorities to cope with such a contingency.

Operating along the Taiyuan-Fenyang Highway, Chinese guerillas destroyed more than 10 miles of telegraph wires between Tsingyuan and Kiaocheng, respectively 23 and 40 miles southwest of Taiyuan, provincial capital of Shansi, in central Shansi, last week. Several bridges were also dynamited.

Loterie Reports

Loterie De Bienfaisance Pour Les Refugees (Refugee Lottery) last week reported that "through the observance of a rule of strict economy, it was possible not only to restrict the total expenses under the 6 per cent ($30,000) alloted for them, but to show a surplus of $9,670.84 of which $2,041 have already been donated to the Shanghai International Red Cross." Sales of tickets in two lotteries netted $500,000. From this amount, grants were made to avrious relief groups. The Red Cross received, $56,600; the Nantao Supervisory Committee, $34,750; Associated Foreign Charities of Shanghai, $6,000; Relief of Refugees at Tsang Poo Ghiao, $1,500; Anti-Kidnapping Society, $500; to the reserve and rehabilitation fund went $38,500.

Officials said they planned to use a large block of funds, at some time in the future, for the rehabilitation of the homes and farms of refugees in the Shanghai area.

Who's Who in China

Chi-hong Taine, agricultural expert and Government official; native of Soochow; born at Shanghai, 1891; received advanced education in France; graduated from Faculte des Sciences with M.A. degree and Engineer from Institut Agricole, Universite de Toulouse; Professor and concurrently

譚展鴻字仲逵

Chi-hong Taine (Tan Hsi-hung)

Dean, Department of Biology, National Peking University; President, College of Agriculture, National Chekiang University; Director, Forestry and Reclamation Administration, Ministry of Industry; member, National Economic Council and concurrently member, Standing Committee of the Sericulture Improvement Committee; now Superintendent of Technical Bureau, Ministry of Economic Affairs; author of "The World Cotton Production and Consumption (in French)" and "The Silk Industry in China (in Chinese);" address: Ministry of Economic Affairs, National Government, Chungking.

Indo-China Traffic Worries Japan

Commenting on representations to the French Government regarding shipments of arms through Indo-China, a Japanese Foreign Office spokesman declared last week that the Japanese Government was gravely concerned over the matter as there were indications that a ban on such shipments was not being satisfactorily enforced by the French authorities. The Foreign Office had received reports to the effect that substantial quantities of arms still were being transported through Indo-China for delivery to the Chinese military authorities, the spokesman said.

He stated that gasoline stored in Hongkong had been shipped to Yunnan through Indo-China and that other supplies had been sent recently to Kwangsi by way of Yunnan. On Oct. 24 two modern anti-aircraft guns of French make and 240,000 military blankets had arrived at Hanoi for delivery to the Chinese authorities, the spokesman claimed. Another shipment of four more anti-aircraft guns was expected, he said, as reports had been received that a contract had been signed and payment made.

"The French Government in October of last year decided on its own volition to prohibit the transportation of arms and munitions to China through French Indo-China," the spokesman declared. "The Japanese Government appreciated this friendly attitude and relied on the French Government for the actual carrying out of that decision. However, as there was much to be regretted in the manner in which that policy was executed our government repeatedly called that attention of the French Government to the matter. During this year the Japanese Government requested the French Government on two occasions to reconsider their attitude.

"Each time the French Government promised to enforce the order prohibiting the shipments of arms. But according to reliable information reaching us there continued to prevail a situation which by no means agrees with the replies of the French Government. As a result of the capture of Canton, which intercepted the connection of the Chiang Kai-shek regime with Hongkong, the most important of the routes left for the transportation of arms to that regime is the one through French Indo-China, and China is reportedo be to active there.

"Our government is therefore gravely concerned over the possible developments in the situation. In view of the above circumstances the Japanese Government instructed Ambassador Sugimura at Paris to file representations." Asked whether Japan intended to occupy Hainan Island, the spokesman said he could not divulge future military plans, but that if Japan should occupy the island it would not constitute a violation of the Franco-Japanese treaty of 1906.

279 Prisoners at Wuchang

The first Japanese Army detachment to enter Wuchang took 279 prisoners and seized three cannons, 10,000 hand grenades, 113 rifles and other supplies, Japanese Army authorities announced. Twelve sailors were among the prisoners. Other equipment and supplies seized comprised four locomotives, six passenger coaches, 36 freight cars, 590 bags of rice, 550 coils of barbed wire, two machine guns, 20 barrels of cement and 500 bags of bean cake.

Are you one of the people who wake up in the morning with these unpleasant symptoms? They are a sign that the liver is not functioning properly and that the digestive system is out of order too.

To put this trouble right is usually a simple matter, treated in the right way—the Pinkettes way. For Pinkettes gently yet speedily stimulate the liver, activate the intestinal tract, accelerate digestion, thus setting the digestive processes into healthy motion again. If feeling constipated, bilious, liverish, gloomy today, try a little dose of Pinkettes tonight, and see how much better and brighter you will feel to-morrow morning. Of all chemists

PINKETTES

PUT LIVER WRONGS RIGHT.

In the United States Court for China

DAVID CIPHERS DUDLEY, Plaintiff, vs. JOYCE WALKER DUDLEY, Defendant.	Cause No. 4371 Civil No. 2250 ORDER. Filed at Shanghai, China, October 25, 1938. WILLIAM T. COLLINS Clerk.

The object of this suit is the dissolution of the bonds of matrimony between the parties hereto.

WHEREAS plaintiff herein, by his attorney, has this 25th day of October, 1938, made application for the substitution of publication for personal service of summons upon the defendant herein; and

WHEREAS it appears from the files of this case that on the 25th day of October, 1938, the summons for the defendant was returned by the Marshal of the United States Court for China "Defendant cannot be found within the jurisdiction of the Court"; and

WHEREAS it appears from the files of this case that on the 25th day of October, 1938, David Ciphers Dudley, the plaintiff herein, filed an affidavit to the effect that the defendant herein was not residing in the Republic of China nor has she been within the jurisdiction of this Court during the last year previous to the 25th day of October, 1938;

NOW THEREFORE it is this 25th day of October, 1938, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the "China Weekly Review", a weekly paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause her appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays occurring after the 12th day of November, 1938, the day of the last publication of this Order; otherwise the case will be proceeded with as in case of default.

By the Court,

NELSON E. LURTON

Special Judge.

Subscribe to

THE CHINA WEEKLY REVIEW

$12.00 per year

Men and Events

From the Tokyo *Asahi* (Oct. 27)—"Prince Chichibu has returned to Tokyo from the war in South China with his complexion tanned."

Miss Elizabeth Chambers, formerly engaged in secretarial work with the Ministry of Railways in Nanking, is now secretary to John Gunther, the well known writer and author in New York.

Sho Kurihara, Minister to Rumania, who recently was appointed Director of the Bureau of East Asiatic Affairs in the Foreign Office is expected in Tokyo shortly. He is traveling home by way of Siberia.

M. G. Cooke, manager of Pacific Operations for Press Wireless, Inc., of Chicago, who spent several days in Shanghai departed on Nov. 1 for Hongkong and Manila.

Major Arthur Bassett, director of Yee Tsoong Tobacco Company, returned to Shanghai this week from a trip of several weeks to the United States and Great Britain.

Dr. C. T. Wang, former Ambassador to the United States, who retired recently, is planning to return to China immediately and resume his previous position as president of the Liu Ho Kou Iron Works, the head office of which has been removed to Hongkong.

Capt. Harold M. Bemis, U. S. Naval Attache, stationed at the American Embassy in Tokyo, is visiting Shanghai. He is accompanied by Mrs. Bemis and after a few days here they plan to return to Japan.

Lieut. R. F. De La Barre, gunnery officer on the U.S.S. Oahu, was found dead on board the ship on the evening of Tuesday, Nov. 1. His death was by gunshot wound from a revolver which was found lying alongside his body.

Major and Mrs. L. R. Andrews returned to Shanghai this week from several months vacation spent in the United States and Great Britain. Major Andrews is associated with C. M. Wentworth, exchange brokers.

Chu Ta-chi, 26-years old, said to be a direct descendant of a Ming Emperor, was sentenced to jail for one year as a heroin addict, in Peiping on Oct. 31. He had squandered all his property and recently snatched a purse from a girl student.

The fifth daughter of Wang Keh-min, chairman of the Executive Committee of the Peiping "Provisional" Government, was married on Oct. 16 to Shao Tung-hu, secretary of the Commission.

The Japanese military authorities announced on Oct. 29 the early inauguration of a regular air-service between Formosa and Canton, now under Japanese occupation. An Atago-Go "Douglas" plane, which the Japanese use in flying between Formosa and Japan, landed at the Paiyun airdrome in Canton on Friday, Oct. 28.

Some 250 Chinese and American members of the American University Club participated in an "old-fashioned American County Fair" at Jimmy's Pavilion at Jessfield on Saturday evening, Oct. 29. A buffet dinner was served.

Mrs. Alice Stewart, 67-year old widow of the late Mortimer Stewart, former editor of the *Bulletin*, Manila, committed suicide on Oct. 27 by jumping from the 15th floor of a building in Omaha, Nebraska.

According to *Domei* the Ministry of Interior of the Nanking "Reformed" Government has instructed the Nanking city government to require all Nanking municipal employes to sign a bond that they will refrain from smoking opium. Those breaking their promise will be severely punished, according to the Japanese report.

Gen. Cesar Adela Fuente, head of a Peruvian Economic and Cultural Mission, which has been in Japan for several weeks, departed from Yokohama for Peru on Nov. 2, traveling by way of San Francisco.

Theodore C. Garrett, youthful American who was given a suspended sentence by Judge Milton J. Helmick in the U. S. Court for China last May for engaging in a gambling enterprise, returned to Shanghai this week in violation of his parole. He will now spend a full year here—in the Ward Road jail.

Miss Fumiko Hayashi, a Japanese woman writer, was the first Japanese woman to enter Hankow following the occupation of the city, according to *Domei*. She headed a group of writers who will describe Hankow and the Japanese occupation in articles in the newspapers and magazines of Japan.

Herbert Fleishaker, president of the Anglo-California National Bank, resigned on Oct. 27 as a result of charges brought against him and associates in the management of the bank by stockholders on the grounds that they had taken "secret profits" in deals which had emyloyed the bank's funds. Civil litigation is now pending against Mr. Fleishaker and associates for U.S. $790,000.

A temporary structure built of light wood to contain paints and varnishes on the roof of the Dollar Building, 51 Canton Road, caught fire on Saturday evening, Oct. 28 and burned, but without serious damage to the main building. A Chinese coolie watchman who slept in the temporary structure was severely burned and was sent to a hospital.

W. H. Plant, general manager of the United States Steel Products Company in the Far East, sailed for the United States aboard the C. P. R. Empress of Russia on Oct. 30. As Mr. Plant will be absent from Shanghai for several months, he resigned his position on the Municipal Council of the International Settlement. He also resigned from the presidency of the American Chamber of Commerce in Shanghai.

Major R. A Boone, Intelligence Officer with the Fourth Regiment, U. S. Marines, accompanied by Mrs. Boone, sailed for the United States on Oct. 30. Major Boone has been connected with the Intelligence Department of the Marine Corps for several years and was well known in the international community at Shanghai.

The three-weeks campaign of the Y. W. C. A. for funds for the local activities of the organization, netted the sum of $29,595, according to report of the various teams on Oct. 30. The sum was less than 500 below the goal of $30,000 which had been set for the drive. Some 150 local Chinese and foreign women participated in the drive.

A. C. Cornish, member of the executive staff of Standard-Vacuum Oil Company, has been appointed a member of the Municipal Council of the International Settlement, in place of W. H. Plant of the U. S. Steel Corporation, who has resigned in order to return to the United States on business. Mr. Cornish will also serve on the Council's Watch, Works, Staff and Public Utilities Committee. Mr. Cornish has been connected with the head office of Standard-Vaccum Oil Company for several years.

U. S. Harkson of the Henningson Produce Company; A. W. Turner of Andersen, Meyer and Co.; Walter Kelly of Muller and Phipps; and R. T. McDonnell, representative of Wm. Hunt and Co., will attend the annual meeting of the American National Trade Council, which opened in New York this week. They will serve as representatives of the American Chamber of Commerce and American Association of Shanghai.

H. Kanamitsu, vice-president of Toa Tobacco Company, Ltd., subsidiary of the Imperial Japanese Tobacco Monopoly Bureau, is in Shanghai conferring with officials of foreign cigarette companies.

W. J. Keswick of Jardine, Matheson and Company, was guest of honor at the first fall meeting of the Royal Society of St. George, held at the Shanghai Club at luncheon on Oct. 27. The chairman was T. G. Drakeford.

Capt. Hayri Saner, Military Attache of Turkey, stationed in Tokyo, was taken on a tour of all battlefields in occupied areas of Central China last week. He was accompanied by Lieut.-Col. Itsuo Mabuchi of the press section of the Japanese Army. Capt. Saner was quoted as saying that Japan's victories were due to the "Spirit of Bushido."

Takio Ohta, formerly with the information bureau of the Foreign Office at Tokyo, who was appointed Consul at Hongkong is the youngest official of that rank ever appointed. While at the Imperial Tokyo University, he won high rank in fencing. After serving as chancellor of the Foreign Office, he was assigned to the American Embassy in Tokyo.

Major K. M. Bourne, Shanghai Police Commissioner, presented a handsome silver tea-service to F. J. Anderson of the British Naval Office in Shanghai on Oct. 26. The presentation was made to Mr. Anderson in recognition of his bravery in apprehending an armed assassin on Avenue Road last July. Mr. Anderson was unarmed at the time but grappled with the man and held him until the police arrived.

Dr. Norman C. C. Li, graduate of Michigan and Wisconsin Universities and formerly connected with Anhui University and Central China College has joined Yenching University, Peiping as lecturer in chemistry. Miss Ho I-chen, graduate of Mount Holyoke and Michigan has also joined Yenching as lecturer in physics.

Prof. V. A. Riazanovsky, former dean of the College of Law in Harbin University, passed through Shanghai this week on his way to the United States where he is lecturing. He is the author of several books on legal subjects and recently has been engaged in translating Mongolian laws into the English language.

Walter Rushmer Davies, 56-year-old American, employed by the British-American Tobacco Company (Yee Tsoong Tobacco Company), died as a result of self-inflicted bullet wound at his home, No. 397 Rue Tenant de la Tour, on Monday, Oct. 30. Mr. Davies was born at Troy, N. Y., and is survived by his widow and two daughters. He had disappeared from his home and wrote a note threatening suicide several weeks ago.

K. G. Eskelund, correspondent for the *Associated Press* at Canton, who tried to make his way from Canton to Hongkong by road along the railway, was forced to return to Canton after having been robbed and stripped of most of his clothing by Chinese soldiers in the vicinity of Suntong. Upon arriving at Canton he was held for several hours by the Japanese military who confiscated his camera, but returned to him the films he had taken of the Japanese occupation. Eskelund is a son of Dr. Eskelund, dentist, of Shanghai.

Quo Tai-chi, Chinese Ambassador to London, made a brief address at the opening of an exhibition of models of Chinese junks at the South Kensington Science Museum in London on Oct. 27. The models, each an exact replica of a different type of junk, were donated to the Museum by Sir Frederick Maze, Inspector-General of Chinese Maritime Customs. Mr. Quo in his remarks declared there was something indomitable about the junks and also "something indomitable about China." Some of the models were 10-ft. long and 11-ft. high.

交通銀行

BANK OF COMMUNICATIONS

SHANGHAI BRANCH:

889 Avenue Joffre, Shanghai

With Branches and Sub-branches throughout China and Correspondents in all principal cities of the world. All kinds of Banking business transacted, including Savings and Trust business.

LOCAL SUB-BRANCHES:

438 Nanking Road,

228 Boulevard des deux Republiques,

1708 Bubbling Well Road,

According to German *Transocean* service the Czechoslovakian Government has announced the "voluntary" dissolution of the Freemason Grand Lodge in Prague, which was largely composed of Germans. Five other lodges affiliated with the organization also disbanded while several others in Bohemia, Moravia and Slovakia either voluntarily dissolved or were disbanded by the authorities following the Munich accord.

The South Manchuria Railway's famous streamlined "Asia Express" had its first serious wreck on Oct. 30 when the locomotive and three coaches were derailed near the town of Tapingshan when the train was enroute to Harbin from Dairen. There were no casualties among passengers but three engineers were injured. The cause of the accident was not stated.

A *Reuter* report from Tokyo on Oct. 28 quoted Japanese press reports to the effect that serious "anti-Stalinist riots," involving the burning of official buildings, occurred at Blagoveschensk following receipt of reports of the Japanese occupation of Hankow. The Japanese claimed that rifle shots could be heard at their base at Taheiho, which is directly across the Amur from the Soviet city.

The steamer Esang, one of four coasters purchased by Jardine, Matheson and Company, from the China Merchants Steam Navigation Company at Hankow, made its first trip to Shanghai from Hongkong this week. The vessels, which are of 3,415 tons, were built in England and financed from the funds of the British portion of the Boxer Indemnity. Shortly after the outbreak of the Sino-Japanese hostilities, the ships were taken to Hongkong to prevent their seizure by the Japanese Navy.

China National Aviation Corporation, with which the American Pan-American Airways is associated, has prepared plans for opening airmail and passenger services between Chungking, Kunming and other points in West and Southwest China with the outside world through Hanoi, French Indo-China where connections will be made with Air-France and Europe-Asia line. C. N. A. C. will also cooperate in the establishment of air services between Chengtu, capital of Szechuen and Tihua in Sinkiang in order to aid in maintain communication with Soviet Russia.

All branches of the Police Department of the International Settlement, participated in a general review at the Shanghai Race Course on Sunday, Oct. 30, before the Commissioner, K. M. Bourne and other officials of the Settlement. Considerable color was provided by the mounted Sikh detachments, the "Red Marias," or riot vans and members of the detective branch wearing steel waistcoats who rode in vans and motor cars.

Prince Chichibu, younger brother of Emperor Hirohito, who participated in the occupation of Canton, has converted his car from gasoline to a charcoal gas-burning vehicle, according to message from Tokyo, which stated that a large number of buses and other vehicles had been converted into charcoal burners. The Ministry of Commerce and Industry announced plans for converting 500 cars in the current year.

Czechoslovakian citizens in Shanghai celebrated the 20th anniversary of the establishment of their country as an independent state on Oct. 28. There was a reception at the Legation at 727 Ave. Haig, at which the history of the country was reviewed. The country lost its independence in the Battle of White Mountain in 1620 and gained its liberty from Hapsburg rule at Prague on Oct. 28, 1918. The observance of the country's anniversary had added solemnity this year due to the recent crisis through which the country had passed due to Nazi aggression.

Andre Shelaeff, Russian welterweight champion of the Orient, who went to the United States recently, fought five rounds of a scheduled six-round battle with Johnny Fasano, known as the "King of Club Fighters," of the Coast, at San Francisco on Oct. 28. The referee halted the fight in the fifth round after Shelaeff had accidentally butted Fasano cutting a gash in the American's forehead. Shelaeff weighed 143 pounds while Fasano weighed 146. The fight was well attended and while the crowd cheered its favorite Fasano, Shelaeff was well received and given a grand ovation. Shelaeff is 18 years old and resided in Shanghai for several years.

Dr. D. S. Chen, local Chinese lawyer and philanthropist, was re-elected chairman of the Ricksha Pullers' Mutual Aid Association, which was formed several years ago with the object of improving conditions among local pullers of rickshas. P. W. Massey, who also assisted in the organization of the society, was elected chairman of the trustees. The assets of the society, according to the report, were $81,287.91. Losses due to Japanese occupation of the society's property in Hongkew was $2,230.30. The report showed that $60,375.31 has been expended during the year on clinics, hospitalization, medical supplies and hospital food for pullers during the year. The sum of $7,689. 29 was expended on rice, $9,432.25 on funeral expenses and $456.22 on tea urns for pullers established in various parts of the city.

Formal Boycott for Nippon Goods

Japanese goods have been boycotted in the sphere of power of the National Government ever since the outbreak of the present war, but there appear to be still important volumes of Nipponese goods in the areas in question. Such Japanese goods consist partly of pre-war stocks, and partly of Japanese products smuggled into China in disguise. Such smuggling has been going on via Hongkong for many months after the beginning of the war, and in Canton repeatedly led to heated controversies between boycott committees and the Canton Chamber of Commerce.

The National Government has found it advisable to promulgate set of regulations on the boycott of Japanese goods in China, the *Wen Hui Pao* reported.

Under these new regulations, all merchants are being requested to register within 20 days from the date of promulgation all Japanese goods which they may have in store.

Japanese goods, stipulated by these regulations, not only products manufactured in Japan proper, her colonies and mandated islands, but also all products of factories with Japanese investments or managed by Japanese will be considered. Severe punishments are threatened to violators of these regulations.

Revolving Fund Flops

The Japanese Ministry of Finance is negotiating with the Bank of Japan with a view to effecting far-reaching changes in the present working system of the Yen 300,000,000 foreign exchange revolving fund which has not been functioning as expected, the *Japan Times* and *Mail* reported.

The system must be revised because, with the Yokohama Specie Bank the only financial institution to utilize it, it has proved thus far an utter failure, the paper adds. This failure is being attributed chiefly to the following factors:

1. The interest rate on loans from the fund is too high.
2. The period during which the fund is usable is too short.

The interest rate is 2.5 per cent per annum. This is considered high in view of the fact that banks generally obtain profits of about 4 per cent per annum from their foreign exchange transactions. Private bankers are of the view that the rate on the exchange fund should be lowered to 1 or 1.5 per cent per annum. Whether the Finance Ministry and the Bank of Japan officials will agree is not clear, but it is expected that the authorities will make some reduction in the rate.

Japanese Inaugurate New Railway in North

A new railway line, built by the Japanese Army for the purpose of facilitating troop transportation from the Peiping district to eastern Inner-Mongolia, opened regular service on Oct. 31. The line extends from Peiping, through Tungchow, to Kupeikow Pass in the Great Wall to the north of Peiping and thence to Chengteh, capital of Jehol. A further extension is under construction from Chengteh to Dolonoer on the border between Jehol and Chahar. The new line was expected to facilitate shipment of Jehol products (opium ?) to the Peiping-Tientsin district.

Chinese Cotton Mills

Chinese cotton mills in Soochow, Changchow, Wusih and other towns along the Shanghai Nanking Railway, which previously produced 70 percent of the output of Kiangsu province, are shortly to be reopened under "Sino-Japanese" Management, according to report in *Domei* Service. The mills have been closed since the Japanese occupation of this district.

CHILDREN WHO DROOP.

Some children seem to be never really well. They are listless, pale, thin, lack appetite and spirit, or eat abnormally without deriving adequate benefit from their food. Always they are ailing in one way or another.

The trouble with such children is usually

MAL-NUTRITION;

their digestive and eliminative organs are not functioning properly. In such cases Baby's Own Tablets are almost invariably found immensely valuable, for these tablets act directly, though gently, upon the stomach and bowels, cleansing away all offending matter and restoring

HEALTHY ACTIVITY.

Baby's Own Tablets correct infantile indigestion, constipation, colic, check diarrhoea, allay feverishness, break up colds, expel worms. They ease teething pains immediately, thus enabling baby to obtain healthy sleep. Are guaranteed absolutely pure and safe. All chemists can supply you with

Baby's Own Tablets

"For Children Of All Ages"

New Books of Interest in the Far East

About Depression

World Economic Survey 1937-38—*Economic Intelligence Service of the League of Nations: League of Nations, Geneva.*

Will the recent economic decline in the world lead to a new depression, or is it only a temporary setback? The just published latest World Economic Survey of the League of Nation's Economic Intelligence Service, the seventh of this series of surveys, is not definitely answering these questions. But an enormous amount of recent economic and financial facts and figures from all parts of the world has been gathered again, and is so aptly arranged and carefully surveyed in this publication that it allows also to the general reader the formation of well-founded opinion.

To the surveyors it appears that in the post-war years two major cycles of economic activity have occurred—the first from the collapse of the post-war boom in 1920 until 1929, and the second from the beginning of the great depression in 1929 until the recent recession which started in the United States in the early summer of 1937. The many similarities between the economic situation in 1929 and that in 1937-38 are duly pointed out, but special emphasis is laid upon the great changes in world economy which in the meantime have been brought about. It is carefully explained that, and why, the 1937-38 recession in the United States is not of necessity the beginning of another great depression but may be only a temporary halt in the world's economic development.

The extraordinary importance of the United States in world economy, and the immediate repercussions which any considerable changes in the United States' economic activities have had, and are bound to have, in the remainder of the world, is strongly underlined. In the opinion of the surveyors it will, if Europe will be saved from a new Great War, chiefly depend on future economic development in the United States what trends are to dominate economic development in the world as a whole. The large number of measures of all sorts calculated to increase economic self-sufficiency in many countries, it is pointed out, did not yet free any country from economic and financial interdependence with the outer world.

J. A.

A New Who's Who

Who's Who in Commerce and Industry, 1936. *Published by Institute for Research in Biography, Inc., New York.* 1,190 *pages.*

Here s something new in the "who's who" field. In a foreword by Mr. Denial C. Roper, Secretary of Commerce of the United States, says of the publication: "Setting forth, as it does, a brief biography of industrial and commercial leaders, it should be a genuine aid toward the facilitation of business communication, cooperation and activity."

Obviously, the aim of the institute's work has been to furnish a reference book which would serve as an index to the careers of outstanding industrial and financial executives in the United States and Canada. The volume contains 6,516 authentic biographical sketches of chairman of boards, presidents and other important officers of industrial, manufacturing and transportation corporations; executives of utilities, communications and mining companies; heads of insurance companies, financial and investment institutions and banks; merchants of leading department stores and mercantile establishments, and elected officers of important chambers of commerce and national rade associations. E. S.

Times Man Sees Coolie Beaten

The brutal beating of a Chinese chit-book coolie employed by the Broadway Mansions by a Japanese sentry on the Garden Bridge was aired before a Japanese press conference last week, when Hallett Abend, correspondent for the *New York Times*, informed Japanese spokesmen of the incident.

The incident occurred Oct. 25, as the coolie was crossing the Garden Bridge When the man showed his soiled pass to the sentry, the latter, instead of advising the coolie to change it, tore it up. Losing his head, the coolie dashed into the Broadway Mansions, British-owned property, chased by the sentry, who overtook him tin the lobby.

Taking the scared coolie back to the sentry booth on the bridge, the Japanese soldier brutally beat the cowering man. A. S. Hersee, manager of the hotel, was an eyewitness to the beating. His face bleeding profusely, the coolie was then led off to the Japanese Naval Landing Party's headquarters.

The management of the Broadway Mansions appealed several times for the man's release. On Oct. 26, Hersee was informed that the Japanese wished the management of the Broadway Mansions to apologize. Bearing in mind the predicament of the coolie, Hersee complied with this request, and wrote a letter to the Naval Landing Party, apologizing for the inconvenience caused by the coolie. He was released Oct. 30.

New Terrorists

Despite evidence indicating that a newly-organized pro-Chinese terrorist band is still in this city, no progress is reported in police attempts to identify members of the organization. Since the daring attempted assassination of Zau Sheh-kung, general director of the Nippon-sponsored "Consolidated Tax Bureau," on October 17, when the puppet's heavily-armored car frustrated an audacious plot on his life, terrorists have been lying low.

Police are disinclined to connect the Oct. 27 bombing o the Tung Zung Kong Shipping and Transportation Company on Kiangse Road with this particular group to terrorists, and believe that it was the work of a smaller and separate organization.

This does not mean, however, that the police in both foreign-administered areas are idly awaiting another outburst of terrorism before they take action. Police agents in both the Settlement and Concession are constantly on the look-out for clues which might lead them to the arrest of at least one member of the terrorist band.

Since Monday, October 17, when Ya Ta-hsiung, counsellor to the puppet regime's "Ministry of Industries" was hacked to death at his New Asia Hotel headquarters, police have been expecting a fresh, intensified wave of terrorism. That same afternoon terrorists made the attempt on Zau Sheh-kung's life at the corner of Nanking and Honan Roads, but have been inactive ever since.

Suspects Released

The last three of the 15 suspects in the Tang Shao-yi murder were released by the police Oct. 28, following their interrogation at the Second Special District Court. They are Wang Chao-ming, Ho Hai-yuan and Wang Tsui-zs. Meanwhile, French Municipal Police have announced a reward of $13,000 for information leading to the arrest)of two Cantonese, alleged to be the murderers of China's one-time premier.

SWAN, CULBERTSON AND FRITZ

Investment Bankers and Brokers in Securities and Commodities

Daily New York and London Stock Exchange Service

Sassoon House Telephone 11200

PAINTS AND PAINT WORK

Everything the best

H. B. CAMPBELL

1481 Bubbling Well Road

Phone : 34360

TO OUR SUBSCRIBERS IN AREAS OF MILITARY ACTIVITY

Hundreds of subscribers, who were forced to leave their homes because of the war situation, have been unable to return and in many instances, have been compelled to establish temporary or permanent residences elsewhere.

As a result they have been unable to receive copies of *The Review* mailed to their normal addresses.

In all cases these back copies have been retained in the office pending receipt of instructions as to new addresses.

Subscribers would thus confer a favor if they would notify this office of their present addresses, with instructions as to methods of routing the paper so as to assure delivery, particularly in Central, West and Northwest China.

China's Armies

(*Continued from page 314*)

ing industrial and agricultural resources of the country;

8. Encouragement to existing commercial, financial and industrial enterprises in order to increase the wealth of the country;
9. Encouragement of physical training among citizens; and
10. Balancing the national budget to relieve the burden of the people.

New puppet "Mayor" Fu Siao-en decided first of all to give dignity to his office. Dissatisfied with his present quarters at the Public Library Building, Fu was reported to have offered $190,000 to a Japanese contractor to repair and renovate the Mayor's Building. He expected the repairs to be effected on Jan. 1, 1939 and to move into the new building, provided the Japanese military raise no objections.

Friction between Fu and Soo Hsi-wen, ex-"Ta Tao Mayor" now serving under Fu remained acute, as Soo continued his policy of non-co-operation. To settle his account with Soo, Fu last week went to Nanking and appealed for help. As the result, Nanking was said to have decided to transfer Soo to another post and to force him to hand over all important documents to Fu. Fu brought back from Nanking a sum of $100,000 for payment of October salaries.

To assure his personal safety against Chinese guerilla attacks, Fu obtained Japanese approval for the organization of a "Peace Preservation Corps of Shanghai." The Corps to consist of 10,000 men would be placed under the command of Ho Feng-lin, a former Shanghai warlord and sworn-brother of Fu.

Realizing that Japanese troops at present stationed in Kiangsu, Chekiang and Anhwei provinces are too few to cope with the activities of the guerillas, the Japanese military authorities allegedly have decided to appoint Chi Hsueh-yuan, Peiping's "War Minister," as Pacification Commander of Kiangsu-Chekiang-Anhwei Area. According to Japanese plan, Chi would be instructed to organize puppet armies in Japanese occupied areas which were to be subject to Japanese direction. Chi, who arrived at Shanghai recently, was staying at Hongkew, making arrangements to rally his former followers. Wang Chien-fei, a former subordinate, when Chi was Military Governor of Kiangsu back in 1924, would be appointed Garrison Commander of Nanking-Shanghai-Hangchow Railways.

The reorganized puppet Anhwei provincial government was established at Pengpu last week with Nyi Tao-liang as Governor and concurrently Director of civil affairs.

Chen Chi-tang, former governor of Kwangtung, was reported to have been chosen by the Japanese as the head of a new puppet government to be established at Canton. Former subordinates of the late Chen Chiung-min, who revolted against Dr. Sun Yat-sen, were also approached by the Japanese to join the projected new regime.

Chu Yu-tseng, ousted police director of the "Ta Tao" regime, was reported to have been slated for the post of "Mayor" of Hankow. Chu already left for the Yangtsze port.

Almost forgotten by the public, Young Marshal Chang Hsueh-liang whose Sian episode in November 1936 led to the outbreak of the present Sino-Japanese hostilities, once again received press notice. Japanese reports alleged that Chang had been "imprisoned" at Hengyang in Hunan, but the leading Northeastern Commanders as well as Chinese Communist leaders were demanding his release.

Another Japanese report said that T. V. Soong, former Finance Minister, was now at Hanoi in French Indo-China, busying himself in connection with plans for transportation of arms supply to China.

Hachiro Arita, Japan's New Foreign Minister, declared that there would be no change in Japan's fixed foreign policy, which he would carry out to "minimize international friction." Mr. Arita, who formerly served in similar post and as Ambassador to China, took over his duties from Premier Prince Konoye, who held the post concurrently following resignation of Gen. K. Ugaki. Yoshiaki Hatta, formerly vice-President of the South Manchurian Railway Company, was appointed Minister of Overseas Affairs, which post was also previously held concurrently by Premier Konoye.

Political circles in Rome expressed great satisfaction over the Japanese capture of Hankow. The Fascist Grand Council sent a message of goodwill to Japan, on the occasion of her successes at Canton and Hankow. Japan was described as a nation, "to which the Italian people feels itself bound by a profound and unreserved ideological, spiritual and political solidarity which found expression in the Italo-German-Japanese Pact."

The Polish Ambassador at Tokyo declared that the Anti-Comintern bloc had been strengthened by recognition of "Manchukuo" by Poland. He added that the new treaty concluded between Poland and "Manchukuo" would also strengthen the friendly relations between Poland and Japan.

Masayuki Tani, Japan's Minister-at-Large at Shanghai, suddenly returned to Tokyo to confer with the new Foreign Minister on an undisclosed matter.

Having paid his tribute to his Japanese overlords, Prince Teh, chieftain of a puppet Mongolian regime in Northern Chahar, left Tokyo for western Japan. After visiting Osaka and other cities, he would return to Inner Mongolia.

Moscow Watching French Policy

All quarters in Moscow are now closely watching the development of the international situation, paying particular attention to the new trend of French foreign policy. The prevalent opinion is that the Munich Agreement marked the end of that period when the Soviets made the first overtures to the Western Democracies in efforts to attain international co-operation.

Henceforth, Soviet observers asserted, the U.S.S.R. must await others to come and see her. Some add, however, that Moscow should endeavour to keep the balance of power between the Western Democracies and the Reich. The idea has not yet been expressed in Moscow newspapers and the Russian people are not prepared for any possible reversals of their country's policy—even though after Munich, the press explained the "capitulation" of the "Bourgeois Powers" to Nazi Germany as due to British and French retention of the capitalist structure.

Some Soviet politicians were advocating rapprochement with the Reich as the means to divert for some time the German menace and ultilize such a respite to fortify Russian economic and military strength. The idea of Soviet-German rapprochement has already been insinuated in responsible British quarters, it is understood, preliminary steps allegedly being taken right after the Godesberg conferenbe late in September.

In general, the present attitude of public opinion in Moscow towards the Munich Agreement, was that the Soviets were hurt as a Great Power by being left out of the parleys that decided the fate of Czecholovakia.

OUTSTANDING EVENTS IN THE SINO-JAPANESE WAR

(*Continued from page 328*)

Japanese tank unit entered Canton at 3.30 p.m., according to announcement by Japanese Imperial Headquarters at Tokyo.

Lt.-Gen. Mo Hsi-te, Commander of 151st Division defending Tamshui, dismissed from office for "inefficiency in resisting the invasion." Lt.-Gen. Mo, whose failure to defend Tamshui resulted in rapid advance of Japanese troops inland following their landing at Bias Bay, was previously reported to have been executed.

Oct. 21.—Shawo, in south eastern corner of Honan, near Hupeh border, recaptured by Chinese troops, declared Hankow spokesman who added that Kikungshan, well-known summer resort, is still in Chinese hands.

Situation at Hwangshikang obscure; heavy fighting proceeding south of there, particularly in neighbourhood of Tayeh-Yangsin highway. Although Yangsin has been captured by the Japanese, Tehan, on Kiukiang-Nanchang Railway, still remains in the Chinese hands.

The Japanese claim capture of Tayeh and the iron mines north of the town. Fall of Kishui, on north bank of Yangtsze and that of Ocheng on south bank also reported.

Oct. 21.—"If Japan offers peace terms which do not hamper existence of Chinese nation, we may accept them as basis for discussion, but otherwise there is no room for discussion," was statement made by Wang Ching-wei, Deputy Chief Executive of Kuomintang, to **Reuters'** representative at Chungking. Wang said that China was willing to discuss peace at any time; "all depends on terms offered." Wang confident that Great Britain would help China.

Oct. 21.—Rumored in Hongkong Gen. Chiang Kai-shek left Hankow for Changsha, Madame Chiang said to have gone to Chungking.

Oct. 21.—Reformed Chinese puppets in Nanking must study Japanese language for "efficiency," according to **Domei** report from Nanking, which states that Japanese language class has been opened for employees of Nanking "Reformed Government."

Oct. 21.—Maj.-Gen. Chiang Chin-kuo, eldest son of Gen. Chiang Kai-shek and vice-Director of Kiangsi Peace Preservation Bureau, appealed for food and clothing for troops in his command who have been defending Lushan (mountain), northern Kiangsi, for past three months, despite repeated Japanese attacks.

Oct. 21.—Chinese People's Foreign Relations Association appealed to President Roosevelt, urging American Government to prohibit sale of gasoline and other war supplies to Japan.

Oct. 21.—Prince Teh, Mongolian chieftain, who headed the puppet "Federated Mongolian Autonomous Government," arrived in Tokyo at head of Mongolian delegation. Prince Teh was received and decorated by Japanese Emperor.

News of China...

There was a time when THE CHINA PRESS led all other newspapers in Shanghai in its coverage of China news. No brave were honored and no wicked were punished without meriting a "story".

Later, we regretfully admit, there was a period when news of China was buried under an avalanche of foreign news.

Today, THE CHINA PRESS is rapidly restoring its net of correspondents over this wartortured land in the belief that the woes and happy events and tales of misery and heroism and devotion from the plains of Mongolia to the mountains of Yunnan are of immediate interest to its readers.

We were the only newspaper in China to have a correspondent at the front, —K. J. Eskelund, who marched with Chinese troops and lived with them for months from the flood-blanketed Lunghai area to the blood-soaked battle lines in the mountains of Kiangsi.

FOR NEWS OF CHINA, READ

The China Press

160 AVENUE EDWARD VII
SHANGHAI

If you are SATISFIED

with

The China Critic

(中國評論週報)

WHY NOT GIVE YOUR RELATIVES AND FRIENDS

THE SAME SATISFACTION?

BE A "CRITIC BOOSTER"!

Subscribe Now! - - - - - Do it yourself!

"Subscribe to the Critic" - - Pass the word!

Subscription Rates for one year

(Including Postage)

China ..... **C.$7.00**

Other Countries ..... **G.$5.00**

THE CHINA CRITIC

(中國評論週報)

桂中樞 C. S. Kwei, *Editor* | 朱少屏 P. K. Chu, *Business Manager*

191 Carter Road, Shanghai, China Telephone 31164

Day-To-Day Record of
THE FIRST FULL YEAR
"JAPAN'S WAR IN CHINA"

(Two Volumes in Convenient Pocket Size, 5¼" × 7½"; 1st Vol. 142 Pages, 2nd Vol. 180 Pages)

These booklets provide an invaluable record of the military and political developments of the Sino-Japanese hostilities, compiled from a neutral and objective point of view.

VOLUME ONE

Indicates how the conflict started and how efforts were made to localize the conflict and prevent it from spreading to other parts of the country—how these efforts nearly succeeded, and points to responsibility for the failure. It contains references to extent and value of property destroyed, references and suggestions as to American and other foreign policies as they were developed to meet the various situations. It answers most of the questions pertaining to details of the struggle and is an invaluable reference work for those who were in China and observed the crisis, and for those who were not here but are interested and concerned by the developments.

VOLUME TWO

Takes up the war on Jan. 1 of the present year and carries it through the most serious phases of the struggle. It begins with the terrorist activities at Shanghai, the Municipal Proclamation, the newspaper bombings, the severed heads and terrorism, and the "handing-over" controversy. Highlights include the arrest and execution of Han Fu chu, China's defense of the Tientsin-Pukow Railway, culminating in the famous battles of Taierchwang and Hsuchowfu, and China's rear-guard actions along the Lung-Hai; Japanese establishment of censorship at Shanghai; attacks on missionaries and their properties; U. S. presentation of Panay claims; Complications of Kailan; Anglo-Japanese customs deal; Japanese seizure of coast islands; Murder of Herman Liu; China's "leaflet bombardment" of Japan; Hitler's withdrawal of German advisers; Japanese start advance up Yangtsze; Anglo-French note on Hainan Island; French occupy Paracels; Relief drives in U. S. A.; Anniversary of Lukiaochiao; Madame Chinag's praise of Missionaries and their work.

Numerous maps showing developments on various fronts.

FEW PUBLICATIONS HAVE AROUSED SUCH GENERAL APPROVAL

The cost of each volume (in China) is $2, or $3.50 for both. Those who purchased Vol. 1 will be given the discount on Vol. 2 if they will notify us when placing the order. Please fill out the attached form, indicating whether Vol. 1 or Vol. 2 or both volumes are desired.

THE CHINA WEEKLY REVIEW
160 Avenue Edward VII
Shanghai, China.

Please send the undersigned ..... copies of { Vol. 1 / Vol. 2 } (or both Vols.) of The Day-to-Day Record of the War. Enclosed please find $2.00 for each copy or $3.50 for both volumes.

Name .....

Address .....

Date .....

Note—Names and addresses may be sent with check and **The Review** will attend to mailing.

(If you reside outside of China send US $1.00 for each vol. or equivalent)

中華郵政特准掛號認為新聞紙類

Registered at the Chinese Post Office as a newspaper for transmission with special marks privileges in China